

**Skills Development and Organisational Development: An
Assessment**

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degree of Master of Public Administration at the University of
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Declaration

I the undersigned hereby declare that the work contained in this thesis is my own original work and that I have not previously in its entirety or in part submitted it at any university for a degree.

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December 2001

OPSOMMING

Opvoeding en opleiding onder die Apartheidsregering kan beskryf word as gefragmenteerd, ongelyk en geskoei op ras. Die gevolge van dekades van menslike hulpbron vernagting het geweldige en vereikende ekonomiese en sosiale implikasies tot gevolg gehad. 'n Nadere blik op die vlak van organisasies dui aan dat vir werkers geen beroeps vooruitsigte was nie met die gevolg dat die motiverings vlak en veral produktiwiteit ontsettend laag was. Die respons vanaf die Suid Afrikaanse regering was die bekendmaking van 'n reeks innoverende wetgewing gemik om die afwaartse kurwe te stop.

Die Vaardigheids Ontwikkeling Wet, 1998 en die ander meegaande wette het as primêre doelwit die daarskep van 'n meer verantwoordelike menslike hulpbron klimaat. Dit het ten doel die heropbou van die Suid Afrikaanse mense deur die bekendmaking van 'n stel menslike hulpbron prosessese, beleid en beginsels.

Hierdie studie fokus en vergelyk die vaardigheidsontwikkeling aktiwiteite van die Pioneers Voedsel Groep met die van die Drakenstein Munisipaliteit. Die studie gaan verder deur vas stel of daar 'n definitiewe verband is tussen die prosesse van vaardigheidsontwikkeling en die van organisasie ontwikkeling. Die slotsom is die volgende: dat daar 'n definitiewe verbintenis is tussen vaardigheidsontwikkeling en organisasie ontwikkeling. Die twee prosesse steun op mekaar deurdat beide ten doel het 'n verbeterde organisasie en individu, soos hulle strewe na die bereiking van doelwitte.

SUMMARY

Education and training under apartheid can at best be described as fragmented and unequal along racial lines. The consequence of the decades of human resource neglect resulted in the virtual destruction of human resource potential, with devastating effects for social and economic development. At the organisational level witness to this has been the lack of career paths offered to workers and the debilitating effect on worker motivation and general productivity. In response to this state of affairs the South African government introduced a number of innovative laws aimed at reversing this downward spiral.

The Skills Development Act, 1998 and the related legislation have as their single objective the establishment of a more enabling and responsive human resource environment. This will amount to the rebuilding of the South African workforce within organisations through the introduction of new sets of human resource processes, policies and principles.

This study compares the activities of the Pioneer Foods Group with those of the Drakenstein Municipality in relation to the skills development regulatory framework and the subsequent obligations it places on organisations to establish new human resource practices. The study goes further and seeks to establish whether there is a causal link between the processes of skills development and Organisational Development (OD). The study concludes that there is a definitive link between the skills development regulatory framework and OD. The two processes are regarded as mutually supportive, leading to the achievement of individual and organisational end goals.

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*The Sovereign Lord is my strength, he makes my feet like the feet of a deer,
and He enables me to go on the heights.*

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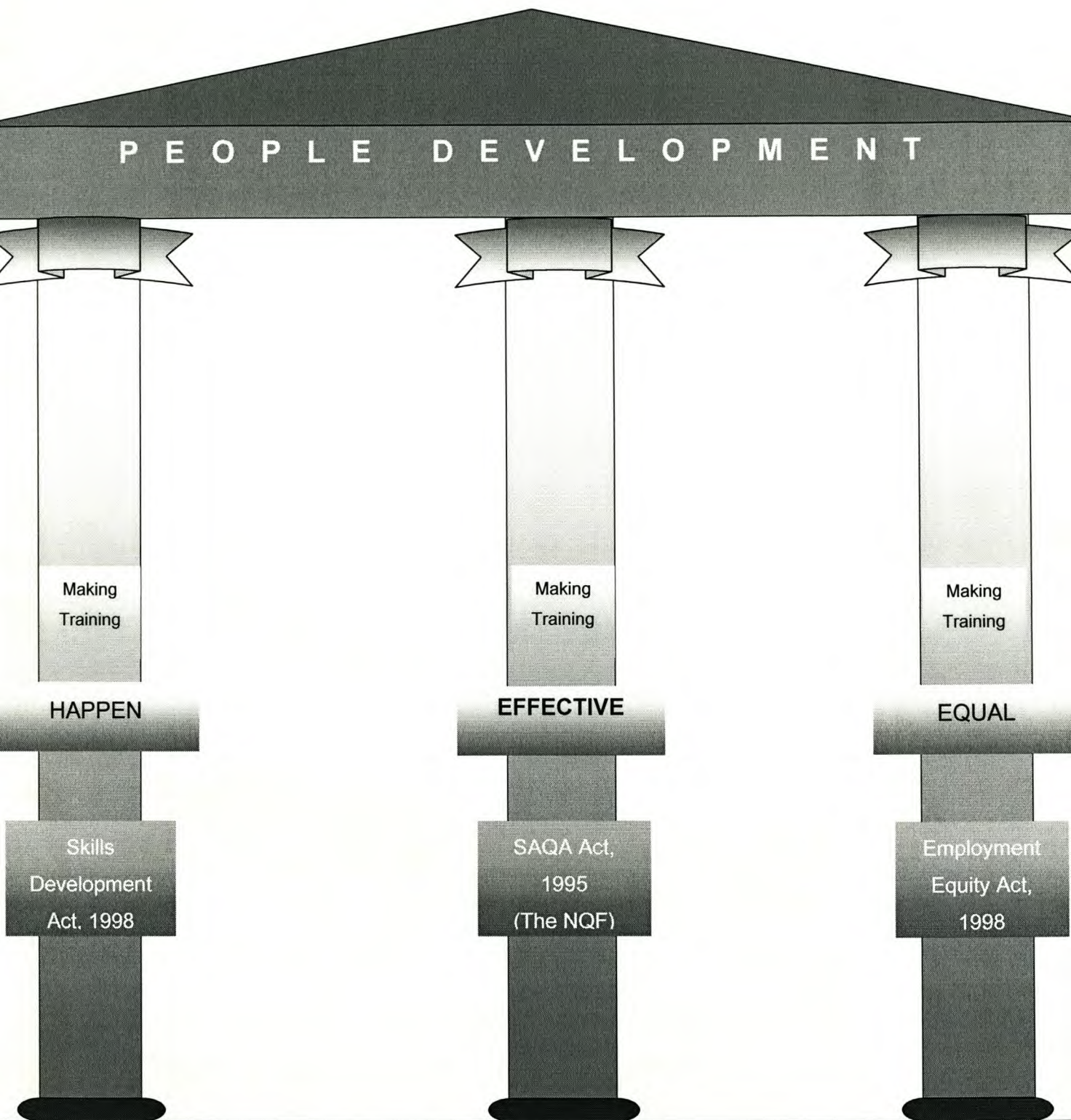
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But then, once in a lifetime, the longed-for tidal wave of justice can rise up.... and hope and history rhyme.

CHAPTER 1

GENERAL INTRODUCTION

1.1 Introduction

“Our people have elected us because they want change. Change is what they will get. Our people have expectations, which are legitimate. While the government cannot meet all these needs overnight, we must put firmly into place the concrete goals, time-frames and strategies to achieve this change”. - Nelson Rholihlala Mandela

With these words former President Nelson Mandela laid the foundations for understanding present-day South African transformational politics, policies and principles, leaving the observer with no doubt that majority rule has brought change to South Africa (SA).

The evidence that SA is a society in transformation is everywhere. The strategic direction and intention of this change are being articulated through the various programmes, projects and strategies of the present African National Congress (ANC) government and firmly based on the ideological promise of “a better life for all”. The assumption is that the previous government did not rule on behalf of all the people, but only in the interests of the white minority. Sonn (in Theron *et al.* 2000:45) asserts that it is quite common for a new government taking over after a disaster or revolution to do so on the basis of a broad promise of betterment and good governance.

The legacy of apartheid-based socio-economic policies has left profound scars on the people of SA. The result is that SA today can be considered as one of the most unequal societies after Brazil (Streek 2001). This consequently calls for a more strategic approach in order to ensure a more appropriate and sustained investment in people.

The challenge and process of economic and social reconstruction in SA has been facilitated by the inclusion of capital, organised labour and state agencies in various tripartite macro-policy reforms. The result has seen the introduction of various policies and legislation aimed at eradicating discrimination. Human (in Theron *et al.* 2000:264) states that the consequences of apartheid caused havoc in terms of inequalities in wealth, opportunities, education, housing, land and the acquisition of skills. The result is that on the organisational level informal racial and gender discrimination still persist in many South African organisations. At the heart of the problem lies the challenge to transform South African society.

It can be argued that the Mandela presidency epitomised reconciliation and nation building whereas transformation and institution building, with the single challenge of creating a caring society, have thus far marked the presidency of the current president of SA, Thabo Mbeki.

According to Thakhathi (in Theron *et al.* 2000:80) transformation can be defined as “changing something in a way that alters its shape or form so fundamentally that it is turned into another entity. It is usually a deliberate action with the aim of creating something better, better looking, better working, more usable and more valuable”. Thakhathi (in Theron *et al.* 2000:50) asserts that some of the priorities of the SA government are:

- Human resource development
- Service delivery
- Affirmative action
- Fair labour relations practices
- Fair human resource management practices
- Gender equality
- Diversity management.

The transformation and action agenda of the present government, through the synergy created between the Department of Labour (DoL)

and the Department of Education (DoE), forms the basis for this research. The South African government has embarked through the above-mentioned departments on an irreversible path that is aimed at undoing the legacies of the past through the introduction of innovative labour market policies and strategies. In doing so, organisations were presented with the tools, through legislation, to turn the human resource vision of the government into reality. The toolkit by its very nature required new organisations, new systems, new processes, and most importantly new mindsets from employees and employers. This process called for the involvement, active commitment and participation of employees, unions, workers, government departments and communities. Stated differently, all the relevant stakeholders were called upon to ensure the successful implementation of the new labour market policies.

The new skills development legislation made it necessary for organisations to review their human resources in a more strategic way and to regard these resources as their competitive advantage. Opportunities were created for organisations to create a climate conducive to education and training. Hlapolosa, organisational development manager at Eskom, remarked in an article in the newsletter of the *Institute for Municipal Personnel Practitioners* (Lamprecht 2000:3): "It is only in an organisation where people are empowered and have a stake and responsibility that they will perform and contribute to the prosperity of the organisation and the economy. People need to work together for what they cannot achieve alone".

The purpose of this chapter is to orientate the reader into the theoretical basis of the research paper. The background to the research as well as the current SA realities will be provided. This is followed by a presentation of the problem statement and the objectives of the research. The research methodology, design and outline of the chapters as well as a review of the key concepts will be offered.

1.2 Background

The transformation from the old SA to the new is a process that affects every area in the social and economic arena on a daily basis. It is further widely agreed that SA is not yet equipped with the skills it needs for socio-economic development and employment growth. Consequently transformation has become the single most relevant issue facing the nation. For many the transformation is traumatic, because it is perceived as a process where the former “have-nots” are being compensated at the expense of the former “haves”. Despite this, it can be argued that there is a broad consensus for the need for transformation, because without it South African growth would be stunted, with consequences too ghastly to contemplate. It can be further argued that it is morally right that transformation takes place to redress the imbalances of the apartheid past. It therefore makes sense that in order for SA to be competitive and to succeed in the world economy, it needs high productivity and the optimal utilisation of intellectual and capital resources.

The launch of the national skills development strategy (NSDS) in February 2001 was a clear call from the South African government through the DoL as to the type and the nature of the organisations it envisaged operating in SA. By introducing the strategy with specified targets and time frames, the Minister of Labour conceded that the targets were ambitious but he asserted that the challenge was for organisations to work in a determined way to make the vision a reality. A closer look at these targets will illustrate the point.

The National Skills Authority (NSA) as the statutory body established to encourage growth through investment in people has set the following objectives to be achieved by public and private sector companies alike by 2004 (National Skills Development Strategy 2001):

- The development of a culture of high-quality life-long learning by encouraging employers to accept skills development, as an investment rather than a cost;
- Fostering skills development in the formal economy to ensure productivity and employment growth;
- Stimulating and supporting skills development in the small, medium and micro enterprise sector;
- Promoting opportunities for skills development in social upliftment initiatives and assisting new entrants into employment

The strategic document proposes that 85% of the beneficiaries of training programmes should be black; that a further 54% of them to be women, and that 4% of those trained in the four years should come from disabled groups. Among the success indicators as developed by the NSA are:

- A minimum of 100 000 people under the age of 25 completing learnerships by 2004;
- 50% of the trainees should have found jobs within 6 months of completing the training;
- At least 15% of all workers should have progressed at least one level on the National Qualifications Framework (NQF) (to be clarified in Chapter 2);
- 70% of the South African workforce should at least have a level one qualification by 2004;
- No less than 90% of enterprises employing over 150 workers should be able to claim skills development grants from the sector education and training authorities (SETAs) (to be defined in Chapter 2);
- All government departments should be able to account for budgeted expenditure on skills development relevant to national, sector and departmental priorities.

In order to fully understand the context and vision of the government the legacy of the apartheid state should be examined.

1.3 South African realities

According to the NSA, just how far South Africa lags behind can be seen in the fact that for the past two years the World Competitive Yearbook ranked SA at the bottom of the league of countries listed according to skilled labour, economic literacy, education systems, employment levels and IT skills. A further point of concern is the fact that only three million people in SA are skilled as opposed to the seven-million semi/unskilled workers. It also has a severe shortage of professional managers and technicians compared with industrialised countries. Of the over four million people who are unemployed, some 50% are young people who have completed more than 9 years of schooling (National Skills Development Strategy 2001). This skewed growth confirms the view that SA was on a downward spiral and that it did not have a large pool of skilled workers to compete effectively with the rest of the world.

1.4 Problem statement

For the past 45 years Black South Africans were systematically denied opportunities and devalued as a result of discriminatory apartheid legislation. Under the apartheid government most labour-intensive and unskilled employment was reserved for Black people, whereas education and training opportunities were made available only for a select few white South Africans. The result is that skin colour and race classification were important determinants predicting the future of growth and promotion of an individual working inside an organisation.

In response to this the SA government has adopted a strategic focus through the national skills development strategy (NSDS). This strategic approach makes sense for a number of reasons. First, there is need to overcome the structural rigidities and inequalities inherited from the apartheid era and to meet the dual challenges of social development and the requirement to compete in the global economy. Second, the

NSDS aims to transform the labour force from a low skills base to one that is committed to high-quality life-long learning. Third, the NSDS seeks to make the labour market more responsive and better able to cope with the consequences of poverty and disease on the workforce. Finally, by implementing the skills development strategy the government, in partnership with employers, workers and communities, aims to improve the employability of the country's labour force (NSDS 2001).

The Skills Development Act, 1998, Act 97 of 1998 and related legislation were introduced in order to reverse the situation created by apartheid. The Skills Development Act, 1998 provides the legal underpinning that supports the NSDS and seeks to establish a high-quality skills development system that is cost effective and accountable, one that meets skills needs and promotes employment generation and economic growth. The Skills Development Act, 1998 has introduced new systems, processes and structures and stakeholders. The then Minister of Labour and now Governor of the Reserve Bank, Tito Mboweni, made the following point: "We need to change attitudes about skills development in this country. The skills development legislation has introduced new organisations, an incentive funding system and an innovative programme, designed to make SA more competitive" (Green Paper on Skills Development 1997).

Organisations (private and public sector) are not implementing the Skills Development Act, 1998 effectively. It was specifically drafted to open up training and development opportunities to employees, but organisations continue to drag their feet on this issue with a resultant reactive approach. They are not taking advantage of the enabling legislation and treating it as another tax. Line managers in particular are not trained to develop and manage people and this has a negative consequence on organisational performance. Organisations are missing an opportunity that could increase individual performance and enhance organisational development. Top management does not

champion the Skills Development Act, 1998; it is not understood and implemented poorly. The central focus of this study will be to evaluate the policies, procedures and structures within a private and public company in the light of the requirements as set out in the Skills Development Act, 1998, and assess whether there is a causal link with organisational development.

1.5 Objectives of study

The skills development legislation requires new organisations, new systems, new processes, and most importantly new mindsets from employees and employers alike. The specific objectives of this study are to evaluate whether the Skills Development Act, 1998 is being implemented in practice and to ascertain whether there is a causal link with organisational development (OD). Proposals will be made in the form of recommendations in cases where discrepancies occur. In the final analysis, the research aims to establish whether best practices are emerging and how this can inform the organic development of the subject field.

1.6 Research design

This study is an evaluative research project focusing on implementation evaluation. Mouton (2001:158) states that this type of research aims to answer the question of whether an intervention (programme, therapy, policy) or strategy has been properly implemented, whether the target group has been adequately covered and whether the interaction was implemented as designed. The research design is founded on empirical study and it is qualitative. Mouton (2001:270) asserts that qualitative studies typically use qualitative methods of gaining access to research subjects.

Qualitative research is distinguished from quantitative research as follows: the research is conducted in the natural setting of social

actions; the focus is on process rather than on outcome; the primary aim is in-depth (thick) descriptions and understanding of actions and events. Finally, qualitative research is seen as the “main instrument” in the research process.

1.7 Research methodology

The focus will be on an extensive literature study that will involve current literature on skills development legislation and organisational development. A comprehensive analysis of primary and secondary data will be undertaken. A case study will be presented by analysing the experiences of a public sector and a private sector organisation. Individual interviews will be conducted with the relevant stakeholders; focus group interviews will also be conducted and existing documentary sources will be analysed.

1.8 Chapter review

The scope of Chapter 1 was presented earlier. An overview of the subsequent chapters will be provided in this section in order to acquaint the reader with the logic and flow in the text.

Chapter 2 will assess the current labour market policies and legislation aimed at addressing the skills backlog in South Africa (SA). This process entails reviewing, among other things, the Skills Development Act, 1998. The researcher will contend that the Skills Development Act, 1998 is the base document for understanding the so-called “skills revolution.” The chapter will further highlight the different statutory bodies established to give effect to the Skills Development Act, 1998 and the related legislation. It will offer an historical analysis as well as sketch the policy context and review the legislative requirements from companies in giving effect to the law.

Chapter 3 offers a theoretical discussion of the concept OD. The chapter is divided into two distinct sections. The first section will offer an analysis of what is meant by the term “organisation”, review the basic components of an organisation, offer an explanation of the forces that impact on the organisation and draw a distinction between public and private organisations. The concept of high-performance organisations will be presented. The second part of the chapter offers an analysis of the concept of OD. A historical analysis is presented and a definition offered. The chapter then focuses on the objectives of OD. Central to the discussion will be a review of the role of the change agent. The research will conclude by assessing the obvious benefits and conditions for the success of OD programmes.

Chapter 4 offers a comparative factual presentation of a private and public organisation. A descriptive presentation of the respective organisations, their structures (organogram), the nature of the business as well as the processes within the two companies will be presented.

Chapter 5 is an evaluation of the practical steps that the two organisations are taking with respect to the requirements of the skills development legislation. The key would be to ascertain how the organisations are turning their intentions into action. The methodology will involve reviewing the skills development processes, strategies and challenges. Personal interviews will be conducted with key stakeholders, among others, the chief executive, human resource managers, skills development facilitators, transformation managers, union chairpersons as well as the training managers. The training policies will be scrutinised as will the annual training reports and the workplace skills plans, where they exist.

Chapter 6 will introduce and recommend strategies and processes that could lead to the effective implementation of skills development at the organisational level.

1.9 Concepts

A definition of the two key concepts used in this research is provided below and is supplemented by a glossary (See Annexure A).

Organisational Development (OD) - Organisational Development is a long-range effort to improve an organisation's ability to cope with change and its problem-solving and renewal process through effective management of organisational culture. OD efforts are planned, systematic approaches to change. They involve changes to the total organisation. The purposes of OD efforts are to increase the effectiveness of the system and to develop the potential of all individual members.

Skills Development - This perspective emphasises the development of competent performance by an individual. It is not intended to be viewed as preparing individuals for the isolated performance of a routine task in an unchanging environment (a very outdated notion), but rather the development of the necessary competences, which can be expertly applied in a particular context for a defined purpose. Skills development should result in skilled performance such as is traditionally associated with the work of "skilled craft workers", "skilled managers" and "skilled professionals". Applied competence is the overarching term for three kinds of competence:

- Practical competence: the demonstrated ability to perform a set of tasks;
- Foundational competence: the demonstrated understanding of what we or others are doing and why;
- Reflexive competence: the demonstrated ability to integrate or connect performance with an understanding of those performances so that individuals learn from actions and are able to adapt to changes and unforeseen circumstances.

1.10 Conclusion

This chapter has introduced the process plan of the research paper by presenting the background, methodology, problem statement and concepts that form the backbone of this research.

The transformation agenda of the present government was highlighted. At the heart of this transformation is the creation of “a better life for all” citizens. The challenges and opportunities of transformation were presented, leaving no doubt that SA is a country firmly set to face the future as she prepares to move away from the past.

The next chapter will offer an in-depth analysis of the enabling skills-development legislation that is set to radically change and define workplace relationships, processes and systems over the next few decades.

CHAPTER 2

SKILLS DEVELOPMENT POLICIES AND LEGISLATION

2.1 Introduction

“You do not take a person who for years has been hobbled by chains and liberate him [her], bring him up to the starting line in a race and then say: you are free to compete with the others, and still justly believe that you have been completely fair. Thus it is not enough just to open the gates of opportunity.” - Lyndon Johnson

The statement made by the former president of the United States of America epitomises the philosophy behind the social and development efforts of the ANC-led government. It is clear that the ANC needed to put in place legislation that was geared towards creating a more responsive and enabling human development environment in response to the decades of human resource neglect. The various and specific labour market policies that have surfaced during the past 6 years were the result of a more socially conscious government in South Africa. The numerous policies and programmes that have been formulated have different actors operating within the different spheres of government, all with the single objective of creating a more equitable society.

This chapter highlights and assesses the current labour market policies and legislation aimed at addressing the skills backlog in SA. This process entails reviewing, among other things, the Skills Development Act, Act 97 of 1998. The researcher will contend that the latter document is the base document for understanding the so-called “skills revolution.” The chapter will further highlight the different statutory bodies established to give effect to the Skills Development Act, 1998. It will offer an analysis of the policy problem as well as the policy context. The other relevant pieces of legislation that all have an impact on the policy environment will then be examined. This research will indicate

the specific links between the Skills Development Act 1998 and the Skills Development Levy Act, 1999, Act 9 of 1999, the Employment Equity Act, 1998, Act 55 of 1998, the Further Education and Training Act, 1998, Act 98 of 1998 and finally the South African Qualifications Act, 1995, Act 58 of 1995.

The researcher will argue that the legal framework being created through the introduction of the new laws sets the stage for a more integrated, holistic approach to addressing the skills backlog. A basis for organisational development and growth is therefore created. By setting success indicators, the relevant government departments (DoL and DoE) have indicated their seriousness in undoing past policies. The chapter concludes by presenting to the reader the tools that need to be used in order to measure organisational skills development compliance.

2.1.1 Policy problem

A closer look at the current reality in SA gives an indication of the uncoordinated way in which previous governments failed to optimise the people potential of the country. The National Skills Authority (NSA 2001), which was tasked to advise on labour strategies, revealed that in SA there are three million skilled and highly skilled people, as opposed to seven million people trapped in semi-/unskilled work. The country is further experiencing a specific shortage of professional managers, technicians, and craft and skilled workers. More than 50% of the four million people who are unemployed are young people who have completed more than 9 years of schooling. To make matters worse the country is faced with an inadequate provision of technical and vocational education and training opportunities. This can be directly linked to the aggregated youth unemployment and the fact that many small businesses are informal and fall outside regulatory and taxation arrangements. In practice many of the latter group find themselves trapped at the low value-adding end of the production

spectrum. The NSA further found that public servants at national, provincial and local government levels lacked the skills to implement the policies and programmes that have been introduced to improve living standards and to reduce levels of poverty.

The legacy of Bantu education has led to the majority of Black people being inappropriately equipped to deal with the requirements of a modern industrial society. This view is supported by a number of scholars and politicians. Carell *et al.* (1998:308) state that the majority of South African workers need new or significantly expanded skills to keep up with the demands of their jobs. This would include new technology, management, customer service and basic skills training.

To make matters worse an International Labour Organisation (ILO) profile of South African companies reaffirmed the poor training record of South African organisations. The study claimed that 70% of companies offered only induction and initial training and 40% of employers provided no training at all (Pons and Deale 2001). The result has been that the World Competitive Report continued to rate and rank SA poorly in terms of Human Resource Development and management. South Africa came 47th out of 48 countries. Discriminatory policies of the past are therefore seen as a major factor that accounts for the inefficiencies in the economy and in the labour market.

The DoL in the identification of the 15-point programme of action (2000:3) consequently identified the following factors as major problems in the SA labour market:

- high rates of unemployment and under employment;
- low rates at which productive employment is being created in the economy;
- the prevalence of widespread poverty among low-wage earners;
- extreme levels of inequality, primarily on the basis of race and gender;

- low levels of education, skills and investment in training;
- the legacy of adversarial labour relations in the formal economy;
and
- inadequate protection of some low-wage earners such as farm
and domestic workers.

The DoL further indicates that one of the principal causes of economic deficiencies is the low level of skills in an environment that is increasingly experiencing major changes in the workplace and relying on methods that require more skills. The low skills base is viewed as one of the reasons for the low levels of investment in the economy. This point is supported by Mercorio and Mercorio (2000:17), who argue that the composition of the SA workforce has also undergone significant changes. The demand for more highly skilled workers increased over the past fifteen years from 17% to 51%, while the demand for lower-skilled workers, on the other hand, declined from 68% to 32%.

Now that the policy problems have been noted, the policy context will be examined.

2.1.2 Policy context

The SA government is attempting through the DoL to create an environment that is conducive to job creation and that promotes high levels of productivity through skills development. Through the recrafting of the policies, the department is attempting to grow the economy, deepen democracy, promote international competitiveness, create employment opportunities and eradicate poverty through a process of social justice, equity and skills development .

Mercorio and Mercorio (2000:23) argue that by the end of 1980 SA was already feeling the effects of globalising economic trends. Central to this was the fact that technological change was leading to new skills

requirements and the retrenchment of lower-skilled workers. The training systems of the past, particularly competency-based training systems, attempted to provide learning in a shallow and mechanistic manner (task oriented) that left learners without practical skills.

Research done by the Congress of South African Trade Unions (Cosatu) into the response of other countries to globalisation supported the recommendation that an authority needed to be established to give effect to a national qualifications framework. This future system would adhere to the principles of a new training and education system. This was referred to as the National Training Strategy Initiative (NTSI). Noble, in an article in *Management Today* (2000:46) states that the NTSI has its roots firmly embedded in a philosophical and political ideology. He argues that it is based on the view that the racist, misguided and inappropriately proportioned education and training systems of the past failed to meet the social and economic needs of South African society. The accompanying diagram indicates the framework of an ideal future system and the principles that have to underpin it (Figure 1).

2.2 Labour market policies

This section will firstly trace the historical roots of the new labour policies and present the two significant policies, namely the NSDS and the Human Resource Development Strategy (HRDS) that are being advocated by the DoL and DoE respectively. These policies are seen as vehicles to address the challenges of the obvious policy problems.

Figure 1: The National Training Strategy Initiative

PRINCIPLES	DEFINITION
INTEGRATION	Form part of a system of human resources development, which provides for the establishment of a unifying approach to education and training.
RELEVANCE	Be and remain responsive to national development needs
CREDIBILITY	Have national and international value and acceptance
COHERENCE	Work within a consistent framework of principles and certification
FLEXIBILITY	Allow for multiple pathways to the same learning ends
STANDARDS	In terms of a nationally agreed framework and internationally acceptable outcomes.
LEGITIMACY	Provide for the participation of all national stakeholders in the planning and co-ordination of standards and qualifications
ACCESS	Provide ease of entry to appropriate levels of education and training for all prospective learners in a manner which facilitates progression
ARTICULATION	Provide for learners, on successful completion of accredited combinations of the components of the delivery system
PROGRESSION	Ensure that the framework of qualifications permits individuals to move through the levels of national qualifications via different appropriate combinations of the components of the delivery system
PORTABILITY	Enable learners to transfer their credits or qualifications from one learning institution and/or employer to another.

Mercorio and Mercorio (2000:24)

2.2.1 Reconstruction and Development Programme (RDP)

The historical underpinnings of the new labour market policies can be traced back to the 1994 Reconstruction and Development Programme (RDP) of the ANC.

The RDP (1994:58) states that three key features characterised education and training under apartheid. The system was fragmented along racial lines; it denied access or provided unequal access to education and training at all levels of the system; and it was characterised by a lack of democratic control within the education and training system.

An analysis of the implementation plan for education and training (IPET 1994) of the ANC is essential to understanding the policy context of the Green Paper that followed. Samuel (in IPET 1994:6) called it a platform on which to build and which could assist the national and provincial governments in the urgent task of reconstruction and development of the education and training system. As an indicative rolling plan it had the principal aim of laying a framework, while also being a working document. This document accounts for most, if not all, the current labour market policies. The green paper that followed is firmly rooted in the RDP.

2.2.2 The Green Paper on skills development (1997)

The Green Paper (1997) followed the RDP document and is essential reading for understanding of the historical context of skills development in SA. The document is the result of the dialogue that took place between the social partners being the labour movement, government, business, the industry training boards and community structures over a number of years. The final process took place under the auspices of

the National Economic Development and Labour Council (Nedlac) umbrella.

The full context of the Green Paper called for a skills development strategy for economic and employment growth in South Africa. This clearly suggested a link between skills development, economic growth and employment growth. The policy writers referred to it as the setting in motion of a skills revolution. The position advocated was the following: skilled people were seen as a fundamental and necessary part of any economic and employment growth strategy. It was considered to be vitally important to re-establish the linkages between learning and working as a prerequisite for growth.

The Green Paper (1997) for the first time called for a national skills development strategy to address the skills shortage crises. It set in place the vision, core strategy, principles and policy objectives of a future system. The vision as articulated was seen as moving towards an integrated skills development system, which aimed at promoting economic and employment growth and social development by focusing on education, training and employment services. The principles that needed to underpin the new system were the following:

- It needed to be flexible and decentralised;
- It needed to be demand led, with particular emphasis on the new skills and competencies needed by enterprises to support rising productivity and competitiveness;
- The principle of partnerships between the public and private sectors was promoted;
- The emphasis was placed on joint control over the new skills development strategy and entailed shared cost arrangements.

The HRDS, the NSDS released in 2001 by the DoL, clearly spells out the way forward for all organisations. Its roots can be traced back to

the framework as suggested by the Green Paper (1997) and will be discussed below.

2.2.3 Human Resource Development Strategy (HRDS)

The HRDS as a strategic document is underwritten by the DoE and DoL and is testimony to the more integrated and holistic way in which government aims to tackle the vast array of needs. The HRDS can be seen as an innovative response from the side of the SA government to ensure that the needs of the economy as well as the needs of the democratic order are met.

The vision of the HRDS (2001) is to maximise the potential of the people of SA through the acquisition of knowledge, skills and values. It aims to work productively and competitively in order to achieve a rising quality of the life for all. The strategy aims to set in place an operational plan, together with the necessary institutional arrangements to achieve, amongst other things, an improvement in the human development index, a reduction in inequality and higher position on the international competitiveness table (HRDS: 2001).

The purpose of the HRDS (2001:5) is to provide a plan to ensure that people are equipped to participate fully in society, to be able to find or create work and to benefit fairly from it.

The HRDS has two roles to play in this environment. The first is to ensure that the various components of the state work together in a co-ordinated way to deliver opportunities for human development. The second task is to ensure that those people who suffered from discrimination in the past are put in the front of the queue in terms of identified national priorities. The second strategic document aimed at redress is the national skills development strategy and will be discussed below.

2.2.4 National Skills Development Strategy (NSDS)

The NSDS aims to equip South Africans with the skills to succeed in the global market and to offer opportunities to individuals and communities for self-advancement to enable them to play a productive role in society. This strategy further paved the way for a more integrated approach in line with the HRDS as discussed above.

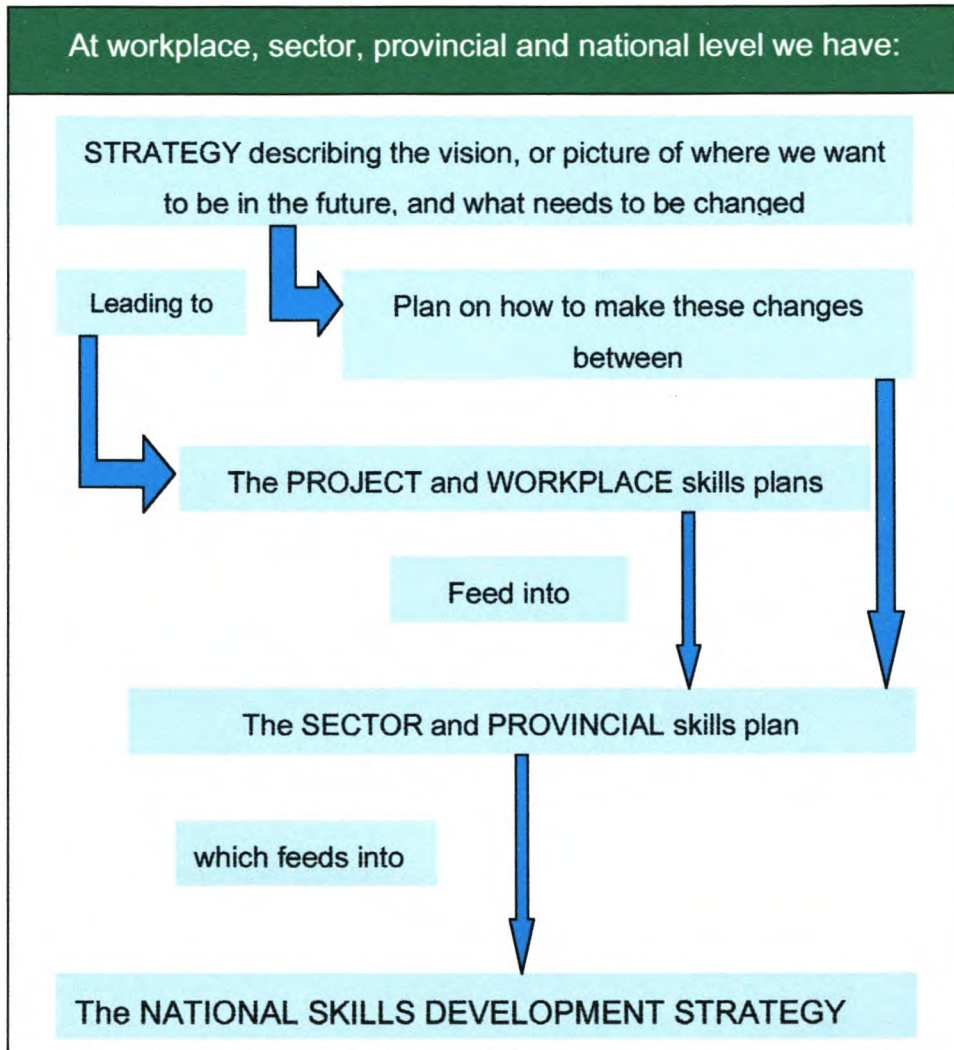
Labour Minister Mdladlana (2001) argued that it is significant for a number of reasons. For the first time priorities for skills development and set success indicators through which progress could be measured have been identified (referred to in Chapter 1). The strategy further outlines the contribution that skills development will make to the national HRDS.

This strategy makes sense for a number of reasons. First, there is a need to overcome the structural rigidities and inequalities inherited from the apartheid era and to meet the dual challenges of social development and the requirement to compete in the global economy. Second, the NSDS aims to transform the labour force from a low skills base to one that is committed to high-quality, life-long learning. Third, the NSDS seeks to make the labour market more responsive and better able to cope with the consequences of poverty and disease on the workforce. Finally, by implementing the skills development strategy the government, in partnership with employers, workers and communities, aims to improve the employability of the country's labour force (NSDS 2001).

The strategic approach is dynamic in nature, one in which people learn from experience and where the new knowledge is fed into the system in order to achieve the goals as set out in the targets (Figure 2). The national skills development strategy will cover a period of four years, whereas the sector and provincial skills plans will cover three or four years, but will be updated every year. The workplace skills plans

will cover one year at a time and the project skills plan will cover the period of the project.

Figure 2: The National Skills Development Strategy framework



Department of Labour (2001:42)

This strategic approach is indicative of the seriousness of the DoL in giving effect to transformation in the workplace. A closer look at the skills development legislation will follow.

2.3 Labour market legislation

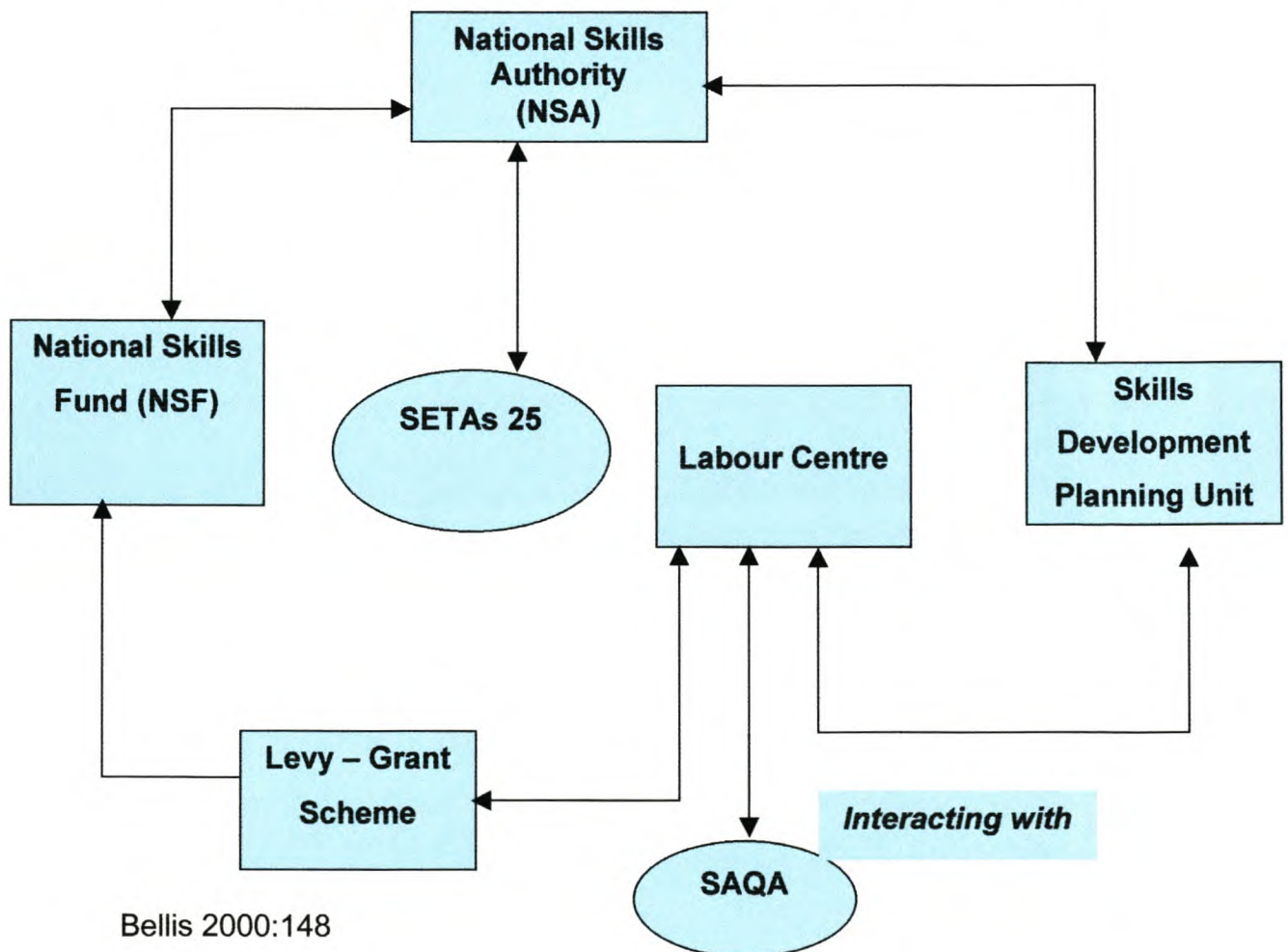
When introducing the new labour market policies, Labour Minister Mdladlana (2001:2) stated that there are two overriding priorities that the new legislation seeks to address. The first is the ever-present

reality of the global economy and the imperative to increase skills to improve productivity and the competitiveness of industry, business, commerce and services. The second is to address the challenges of social development and the eradication of poverty.

This new approach represented a radical and fundamental shift in the policy environment. It is geared towards a more strategic planned approach linking education and training to the changing needs of the economy, based on regularly updated labour market information.

The following schematic representation of Bellis (2000) presented in Figure 3 represents the interlocking and interdependence of the statutory bodies created through the Skills Development Act, 1998. A discussion of the relevant legislation follows below.

Figure 3: Structure for implementing the Skills Development Act, 1998



2.3.1 The Skills Development Act, 1998

The Skills Development Act, 1998, creates the structures and framework for the successful implementation of the skills development strategy, alluded to earlier. The various relevant pieces of legislation as well as commentaries by various academics were considered. The contribution of Mercorio and Mercorio (2000) and Bellis (2000) is acknowledged.

It can be argued that the broad aim of the Skills Development Act, 1998 is the improvement of the working skills of South Africans in order for the economy to grow and to ensure that the lives of ordinary people are changed for the better. The Skills Development Act, 1998, introduced many changes to traditional skills development: *inter alia* it created new structures for training, a new funding incentive to encourage more training, new forms of learning programmes, and finally it proposed new ways of assisting people to get skills and jobs.

The Skills Development Act, 1998, attempts to create a policy and strategy for the benefit of all the role-players within the world of work, including workers, employees, self-employed people and public and private education and training. An attempt is further made to focus on developing vibrant and effective partnerships between the state and its social partners in this strategy. It also aims to develop the skills and knowledge available within the SA economy.

Bellis (2000:143) states that the main purpose of this Act is to develop the skills of the South African workforce, improve the quality of life of the workers, their prospects for work and labour mobility. It aims to improve productivity in the workplace and the competitiveness of employees. It aims to provide self-employment, improve the delivery of social services, and increase the levels of investment in education and training in the labour market and to improve returns on the investment.

Finally, the Skills Development Act, 1998, aims to improve the employment prospects of persons previously disadvantaged by unfair discrimination. It aims to ensure the quality of education and training in and for the workplace, assist work seekers to find work and retrenched workers to re-enter the labour market and it aims to assist employers to find qualified employees.

From the above it becomes clear that the Skills Development Act, 1998, has far-reaching implications through setting in place a clear framework to address the skills shortage in South African organisations. The Skills Development Act, 1998, and the Skills Development Levies Act, 1999, is the two central pieces of legislation aimed at creating a more prosperous human resource future. The two pieces of legislation gave rise to a number of statutory bodies all aimed at assisting in extending the new approach to the labour market. This will be discussed below.

2.3.2 The Skills Development Levies Act, 1999

In order to fully understand and grasp the Skills Development Act, 1998, one needs to understand the accompanying piece of legislation, namely the Skills Development Levies Act, Act 9 of 1999. The principal aim of the Skills Development Levies Act, 1999 is to finance skills development programmes by way of a compulsory levy system. This levy system works in favour of both employers and employees in a dynamic way.

One of the reasons that accounts for the poor skills development in the past was that not enough resources were spent on training and development of people. Mercorio and Mercorio (2000:77) state that the Skills Development Levies Act, 1999 was promulgated to provide for the imposition of a skills development levy and for associated matters.

The Skills Development Levies Act, 1999, imposes a skills development levy, which required that from 1 April 2000 all employees were to pay a levy at a rate of, 0.5% of remuneration and from 2001 a 1% levy of remuneration.

The next step will be to examine the statutory bodies that are to be funded by the levy system described above.

2.4 Statutory bodies

The Skills Development Act, 1998, and accompanying Skills Development Levies Act, 1999, gave birth to a number of bodies and systems that have been established within the institutional and financial framework. It is envisaged that the objectives of the Skills Development Act, 1998, will be achieved through the following institutions and programmes:

- The National Skills Authority
- Sector Education and Training Authorities
- Learnerships
- The Skills Development Planning Unit
- Labour Centres
- The National Skills Fund.

2.4.1 National Skills Authority (NSA)

The principal functions of this body made up of representatives from civil society – i.e. organised business, labour, government and organisations that reflect community and provider interest – are to advise the Minister of Labour on a national skills development strategy, liaising with the SETAs on this strategy and reporting to the Minister on the implementation of the strategy (Bellis 2000:146).

2.4.2 Sector Education Training Authority (SETA)

Under the old dispensation 33 training boards operated within the SA labour market. Their limitation was that not all the economic activities were adequately covered. The resultant SETAs has replaced the 33 old training boards by scaling them down to 25 SETAs, operating and covering every industry and occupation. The SETAs have greater power than the former industrial training boards and represent the consensus between labour and industry.

Bellis (2000:149) calls the SETAs the functional limbs of the Skills Development Act, 1998. It can be argued that the SETAs are the key to the effective implementation of the Skills Development Act, 1998, and the Skills Development Levies Act, 1999. The Skills Development Act, 1998, states that the functions and duties of SETAs are to:

- Develop a sector skills plan;
- Implement the sector skills plan;
- Develop and administer learnerships;
- Support the implementation of the NQF;
- Undertake quality assurance;
- Disburse levies collected from employers in the sector; and
- Report to the Minister and to SAQA.

2.4.3 The National Skills Fund (NSF)

The Skills Development Act, 1998, establishes the National Skills Fund. The levies being paid by the employers contribute the main source of finance to implement the NSDS. Whereas the SETAs receive 80% of the levies, the National Skills Fund receives 20%. The primary function of this body is ensuring the funding of projects identified in the NSDS as national priorities and these funds may only be used for this purpose (Bellis 2000:147).

2.4.4 The Skills Development Planning Unit

Bellis (2000:147) points out that this unit at the DoL head office serves to address national issues of policy and strategy. This unit serves to identify projects and programmes that are to be researched and planned.

2.4.5 Labour centres

Bellis (2000:147) states that the main function of a labour centre is to provide employment service for workers, employers and training providers, including improvement of such services to rural communities. It also goes further and performs the following functions: to register work seekers, to register vacancies and work opportunities and to assist prescribed categories of persons. Labour centres also assist people to enter special education and training programmes, to find employment, start income-generating projects and to participate in special employment programmes.

2.4.6 Learnerships

Learnerships aim to build and improve on the old apprenticeships and will apply to all sectors of the economy. Accordingly learnerships are new paraprofessional and vocational education and training programmes that aim to combine theory and practice and culminate in a qualification that is registered on the National Qualifications Framework (NQF). One of the most innovative features of learnership is that it provides a bridge between vocational and professional training. Mercorio and Mercorio (2000:65) point out that a learnership agreement is similar to a contract of apprenticeship in that it is a formal written contract between a learner and an employer or a group of employers. Ideally learnerships would lead to a qualification registered by SAQA and related to an occupation. In short the learnership includes practical work experience of a specified nature and duration

that leads to a qualification. Annexure B illustrates the difference between a learnership and an apprenticeship.

2.5 Links between the Acts

As pointed out earlier, there are strong links between the different Acts. Mercorio and Mercorio (2000:5) argue that the above-mentioned Acts are part of a legislative framework, which has a number of interlocking organising themes. These include equity, access, redress, quality assurance and stakeholder management. The overriding theme of this new environment is to be more responsive to the changing economic and social needs of South African society. The links between the Acts will be presented below.

2.5.1 Links with the SAQA Act, 1995

The objectives of the SAQA Act, 1995 according to Bellis (2000:10), are to create an integrated national framework for learning achievements. The Act aims to facilitate access to, and mobility and progression within, education and training and career paths.

Mercorio and Mercorio (2000:6) indicate that there is a close relation between the SAQA Act, 1995, and the Skills Development Act, 1998. The SAQA Act, 1995, created the National Qualifications Framework (NQF), which provided a new approach to the registration of education and training outcomes and qualifications at different levels on a common framework. This framework is presented in Figure 4 below.

Pons and Deale (2001:19) state that the NQF is the cornerstone of the government's strategy for human resource development. It is seen as the instrument through which access, quality, redress and development will most effectively be encouraged. The framework acts as a benchmark for standards and qualifications and is made up of eight levels of training pathways. The level of qualification is based on the

exit level and focuses on what a person will know and can do when finishing a qualification. It measures what a person knows and can do, rather than where and how the person learned. Figure 4 represents the NQF as develop by SAQA.

Figure 4: National qualifications framework

NQF Level	Band	Types of Qualifications and Certificates
8	Higher Education and Training Band (HET)	Doctorates/Further Research Degrees
7		Higher Degrees Professional Qualifications
6		First Degrees/Higher Diplomas
5		Diplomas/Occupational Certificates
Further Education and Training Certificates		
4	Further Education and Training Band (FET)	School/College/Training Certificates Mix of units from all
3		School/College/Training Certificates Mix of units from all
2		School/College/Training Certificates Mix of units from all
General Education and Training Certificates		
1	ABET levels 1 – 4	

FoodBev Seta (2001)

Bellis (2000:9) argues that the Skills Development Act, 1998, the SAQA Act, 1995 and the associated Skills Development Levies Act, 1999, are very challenging and wide-ranging attempts to break down “separateness” in a number of ways. This is done in order to create the opportunity for the development of individuals towards the creation of a fairer and more productive society. Mercorio and Mercorio (2000:6) support the view of Bellis that education and training, which is part of the learnerships and skills programmes created by the Skills

Development Act, 1998, must take place in accordance with the standards registered on the NQF.

2.5.2 Links to the Employment Equity Act, 1998

Mercorio and Mercorio (2000:7) argue that the Skills Development Act, 1998 will have an important impact on the implementation of the Employment Equity Act, 1998, Act 55 of 1998 at company level. Vital would be the education, training and development of current workers and work-seekers. The latter group will be a key priority in promoting or recruiting people from designated groups in order to develop a more representative workforce and meet the obligations imposed by the Employment Equity Act, 1998.

The links between the Skills Development Act, 1998, and the Employment Equity Act, 1998, are obvious. Skills development and employment equity are both concerned with the development of people. Both are ways to help all people to find ways to progress at work. The Employment Equity Act, 1998, clearly spells out that skills development is one of the ways in which black people, women and people with disabilities can be helped to advance. The regulations on workplace skills plans and annual reports stipulate that employers must indicate how many black people, women and people with disabilities will benefit from the planned training. Both acts require that employers must consult with workers when they make plans for implementation. Both acts stipulate that employers should appoint someone to help with planning and make sure that implementation takes place. Closer examination reveals definitive links with the Further Education and Training Act.

2.5.3 Links to the Further Education and Training Act, 1998

Mercorio and Mercorio (2000:112) state that the Further Education and Training Act, 1998, is designed to transform public and private

providers of education and training in Levels 2 to 4 of the NQF. Future learning will be assessed against new national standards and qualifications. The Skills Development Act, 1998, according to Mercorio and Mercorio (2000:113), promotes a demand-driven approach to education and training. The annual National Skills Development Plan will provide a list of identified learning priorities. This in turn will enable both industry and providers to focus their programmes to supply human resources in needed occupational areas.

In conclusion, it can be stated that there are definite links between the various pieces of legislation discussed above. The overriding themes are equity, access, redress, quality assurance and stakeholder management.

2.6 Implementation indicators

The Skills Development Act, 1998, has put a responsibility on organisations to ensure that labour market policies are adhered to in a more comprehensive and strategic way. In the past companies could decide on training almost in a knee-jerk way without consultation. The new labour market policies, however, introduced new operational requirements, putting an obligation on companies to consult with stakeholders on training and education strategies.

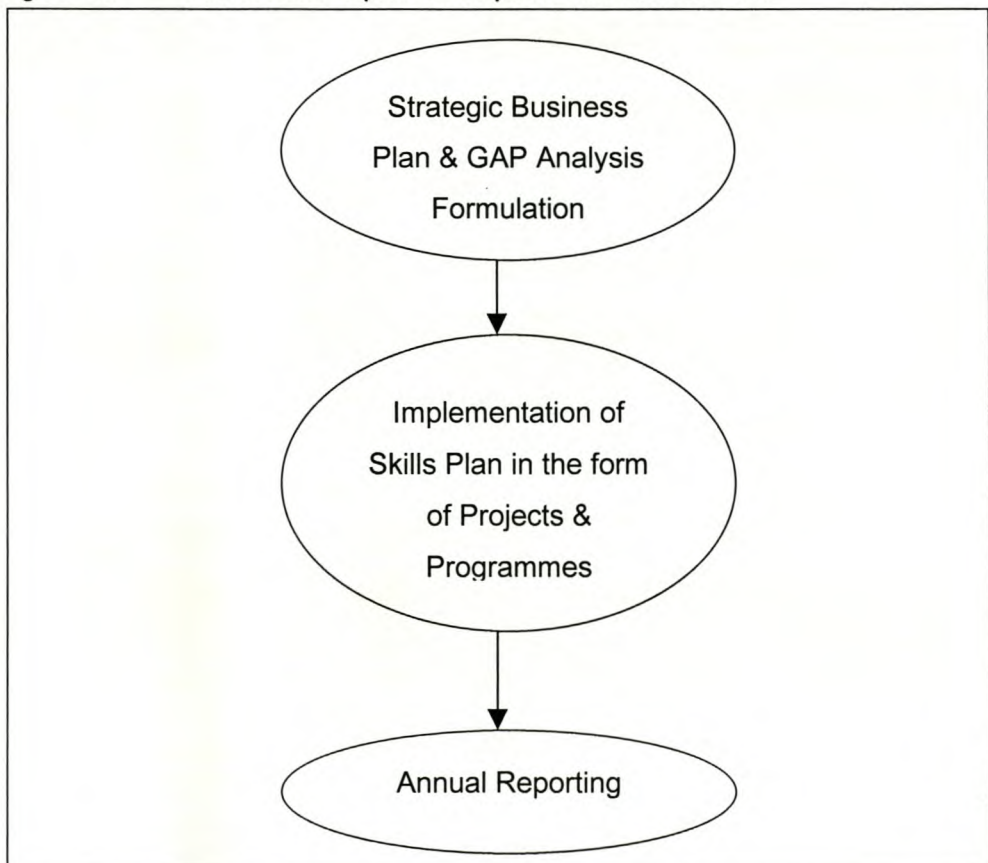
The skills development legislation introduced new workplace processes, systems, relationships and structures. According to Labour Minister Mdladlana (2001), the following aspects were crucial for successful skills development implementation:

- Employers needed to pay their skills levy;
- Employers needed to employ a skills development facilitator and prepare a workplace skills plan. If they do this, a percentage of their levy could be returned to them;

- Employers need to enter into learnership contracts with existing staff as well as young unemployed people in order for young people to get work experience and training;
- The SETAs needed to function well;
- All training needs to be accredited in line with SAQA requirements;
- All training should be quality assured so that workers are not ripped off.

In support of these aspects, Deale and Pons (2000) identified a number of critical steps that companies needed to take in order to ensure the successful compliance and implementation of skills development programmes. At company level employers needed to evaluate current business strategies in order to determine the skills that would be required for delivery. They needed to review capability to meet plans as well as to identify key organisational and individual development needs. A report had to be submitted to the SETA on an annual basis reflecting the implementation of the plans. The process is described in Figure 5 (developed by the researcher).

Figure 5: Skills development implementation model



The final obligation, according to Deale and Pons (2000), was based the following:

- The identification of programmes to serve the requirements of the employment equity plan;
- The development of organisational capability;
- Delivering continuous improvement that stretches individuals;
- Ensuring the development of a learning culture within organizations.

The Skills Development Regulation (Regulation 6729 of 2000) clearly states the processes that companies need to engage in to make skills development a reality. It states that the following four aspects need to underpin the new organisations:

- A training committee needs to be established;
- A skills development facilitator needs to be appointed;
- A workplace skills plan needs to be compiled;
- An annual training report must be submitted.

The four vital components will be discussed below.

2.6.1 Skills development committee

The Skills Development Regulation (Regulation 6729 of 2000) states that every workplace with more than 50 workers needs to establish a skills development committee. In the case where the workplace is unionised, the union needs to be part of this forum. In this way a truly consultative process involving all the stakeholders at the local workplace level could become part of the drafting of strategies and plans.

2.6.2 Skills development facilitator

All organisations needed to identify a person who would be responsible for the development and planning of the organisations' skills

development strategy. The chief responsibility of the skills development facilitator is to serve as a resource person within the organisation and to assist with the drafting of the workplace skills plan. In this regard the person responsible for this task looks at the criteria required for accreditation, skills programmes, learnership development and any other matter as may be required by the Skills Development Act, 1998 (Bellis 2000:158).

The regulations further state that a skills development facilitator could be a person from within the organisation or a person contracted from outside.

2.6.3 The workplace skills plan (WSP)

The purpose of the workplace skills plan (WSP) is to provide employers with a structured strategic plan whereby skills development can take place at enterprise level, while at the same time providing the SETA with critical quantitative and qualitative information and statistics. This in turn enables the SETA to establish the profile of the sector, its skills needs in relation to the sector's developmental path and thus develop a comprehensive Sector Skills Plan (SSP). It further provides the SETA with clarity in terms of the areas where there is a high demand for skills development, which in turn can be translated into identifying the skill areas where learnership and skills programmes can be developed (Bellis 2000:161).

2.6.4 The annual report

In order for organisations to be in a position to claim back a percentage of the levy funds, organisations need to prove that they have indeed embarked on training and development programmes in accordance with the WSP. The annual report submitted to the SETA does just that. The annual report can further serve as a useful tool by which companies can plan future training programmes, measure the impact

of training and its effect on the individuals and on department or business unit level.

2.7 Strategies and methods for successful transformation

From the above it becomes clear that the level of change at the organisational level is enormous and has far-reaching implications for organisations. The responsibility rests squarely on the leaders and managers within the institutions to work in a proactive way to achieve their collective objectives. This new approach for obvious reasons requires new mindshifts and almost a re-orientation of the ways employees and management view their roles. The type of mindshifts employees need to make is described by Thakhathi (in Theron *et al.* 2000:87)

- From being powerless to powerful;
- From waiting for orders to taking action;
- From doing things right to doing the right things;
- From reactive to creative and proactive;
- From being content orientated to process and content orientated;
- From quantity to quality;
- From boss responsible to all responsible;
- From blame placing to problem solving.

Thakhathi in Theron *et al.* (2000:87) further argues that managers must create a climate that will release rather than suppress the initiative in people. He argues that managers need to understand fully their roles, tasks, functions and responsibilities to enable them to position themselves strategically for the challenges faced by them.

2.8 Conclusion

A skills revolution has started in South Africa with the introduction of new labour market policies. A review of the policy problems, the policy response and the statutory bodies that are created through the Skills Development Act, 1998, followed. A historical analysis was presented that traced the roots of the new labour market policies. The policies have the single objective of redressing the wrongs in South African society by creating a friendlier policy environment. All of these have as an end goal a more competitive and productive SA.

Access, redress and equity are the common and golden threads flowing through this chapter. Clear indicators have been set that will enable laymen as well as researchers to monitor the progress being made. The chapter further explained the energy needed at implementation level to ensure the sustained success of the intervention.

The next chapter will deal with the concept of organisational development.

CHAPTER 3

ORGANISATIONAL DEVELOPMENT (OD)

3.1 Introduction

This chapter will explore the question of organisational development (OD). The researcher holds that any attempt at understanding OD must begin by expanding on what makes or constitutes an organisation, hence the chapter is divided into two distinct sections.

The first section will present an analysis on the concept “organisation” It will review the basic components of an organisation, offer an explanation of the forces that impact on the organisation and draw a distinction between public and private organisations. The concept of high-performance organisations will be introduced.

The second part of the chapter offers an analysis of the concept of “organisational development.” A historical analysis is presented and a definition offered. The chapter then focuses on the objectives of OD. Central to the discussion will be a review of the role of the change agent. The research will conclude by assessing the obvious benefits and conditions for the success of OD programmes. This chapter provides an overview and at the same time offers an in-depth analysis of the subject field.

3.2 The organisational context

A number of authors and academics have expressed their views on exactly what makes or constitutes an organisation, among others, Dawson (1992), Gibson *et al.* (1997) and Pendulbary *et al.* (1994). The researcher, however, found the work of Mullins (1999) the most accurate in defining and expounding on the subject field under scrutiny. The approach here is to refer extensively to Mullins’s work, with

occasional references to other academics that complement the views of Mullins.

Farnham and Horton (in Mullins 1999:88) define organisations as social constructs created by groups in society to achieve specific purposes by means of planned and co-ordinated activities. These activities involve using human resources to act in association with other inanimate resources in order to achieve the aims of the organisation.

Mullins (1999:88) contends that organisations are nothing other than the interaction of people in order to achieve objectives. This forms the basis of organisations. Some form of structure is needed by which people's interactions and efforts are channelled and co-ordinated. This introduces the question of management, since management is required through which the activities of the organisation and the efforts of its members are directed and controlled in the pursuit of these objectives.

All organisations need clear aims and objectives, which will determine the nature of inputs, the series of activities to achieve outputs and the realisation of organisational goals. Feedback on the performance of the system and the effects of its operation on the environment is measured in terms of the achievement of the aims and objectives. This view is supported by Gibson *et al.* (1999:99). They argue that organisations differ in many important respects, but they also share common features. Organisations can be viewed as open systems, which take inputs from the environment (outputs from other systems) and, through a series of activities, transform or convert these inputs into outputs (inputs to other systems) to achieve some objective.

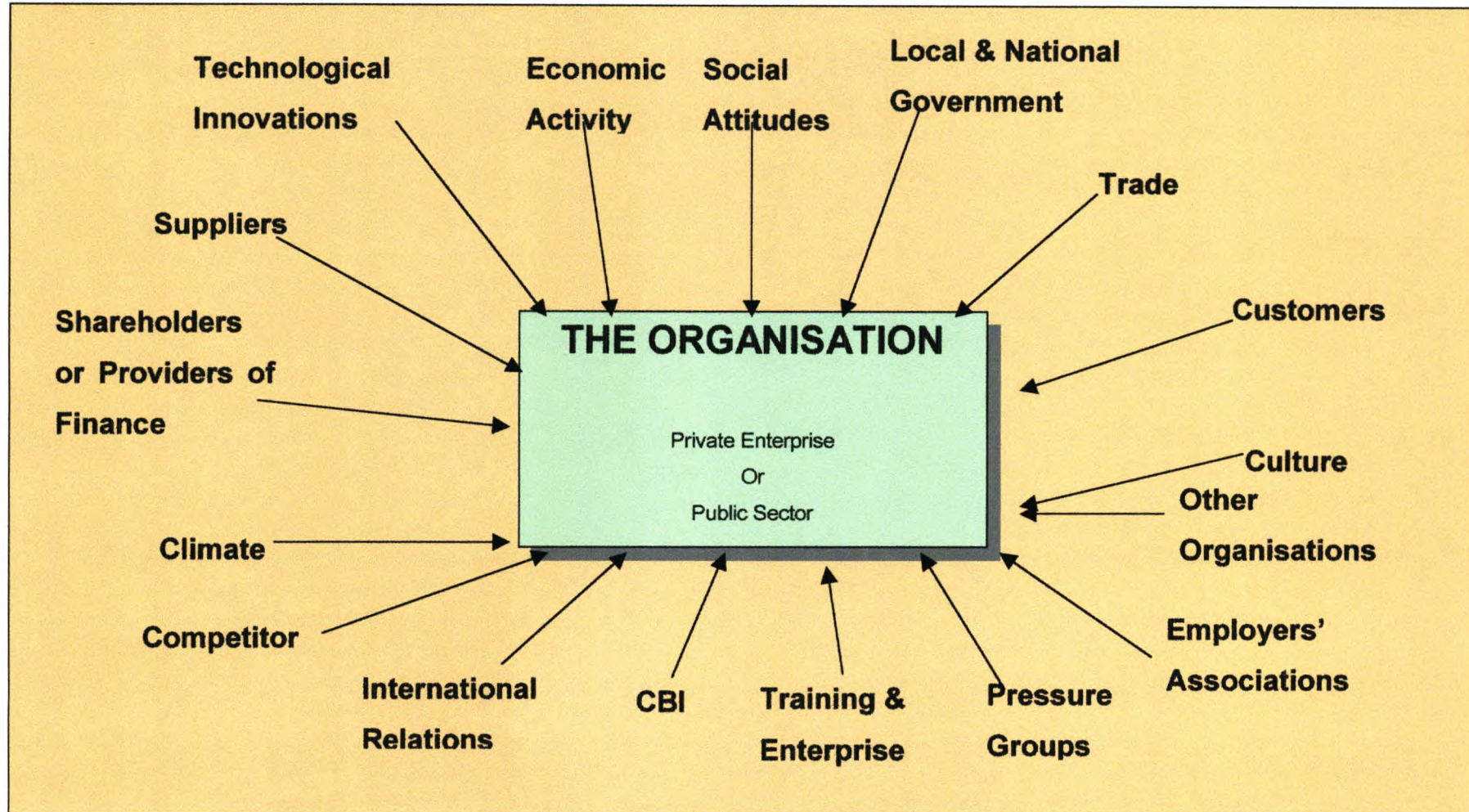
He also states that all organisations have some function to perform. They exist in order to achieve objectives and to provide satisfaction for their members. Through cooperative action members of an organisation can create a synergistic effect. This view is consistent with the view expressed by Dawson (1992:xix), who views organisations as

collections of people forming together into some formal association in order to achieve group or individual objectives.

Harvey and Brown (1996:2) argue that organisations are never completely static and they are in continuous interaction with external as well as internal forces. Changing consumer lifestyles and technological breakthroughs all act on the organisations and may cause them to change. It may be further noted that many of the changes may be forced upon the organisation and that the degree of change may vary from one organisation to another. The illustration in Figure 6 below explains the different forces that have an impact on the organisation.

The conclusion can be drawn that organisations go through dynamic processes of birth, identity formation, growth, maturity, decline and even death. Organisations are thus living entities and their survival depends on the ability of the organisation to adapt in the dynamic environment. A discussion on the basic components of the organisation will follow.

Figure 6: Forces impacting an organisation



Mullins (1999:102)

3.2.1 Basic components of an organisation

Mullins (1999:93) states that any organisation can be described, broadly, in terms of an operating component and an administrative component. The operating component comprises the people who actually undertake the work of producing the product or providing the services, whereas the administrative component comprises managers and analysts and is concerned with supervision and co-ordination.

This can be further broken down into the following five components: the operational core, operational support, organisational support, top management and middle management. The five components will be briefly described as they appear in Mullins (1999:94) and illustrated in Figure 7.

3.2.1.1 The operational core

The operational core is concerned with the direct performance of the technical or productive operations and the carrying out of actual task activities of the organisation, e.g. people putting together parts on an assembly line, teaching in a classroom, treating a patient, cooking meals in a hotel, serving in a bank, repairing a hole in the road.

3.2.1.2 Operational support

Operational support is concerned indirectly with the technical or productive process, but is closely related to the actual flow of operational work, e.g. people working in quality control, progress planning, storekeeping and works maintenance, and technical services.

3.2.1.3 Organisational support

Organisational support is concerned with the provision of services for the whole organisation, including the operational core, but usually outside of the

actual flow of operational work, e.g. people working in personnel, medical services, canteen, management accounting, office services.

3.2.1.4 Top management

Top management is concerned with broad objectives and policy, strategic decisions, the work of the organisation as a whole and interactions with the external environment, e.g. managing directors, governors, management team, chief executive, board of directors, council members.

3.2.1.5 Middle management

Middle management is concerned with the co-ordination and integration of activities and providing links with operational support staff and organisational support staff, and between the operational core and top management

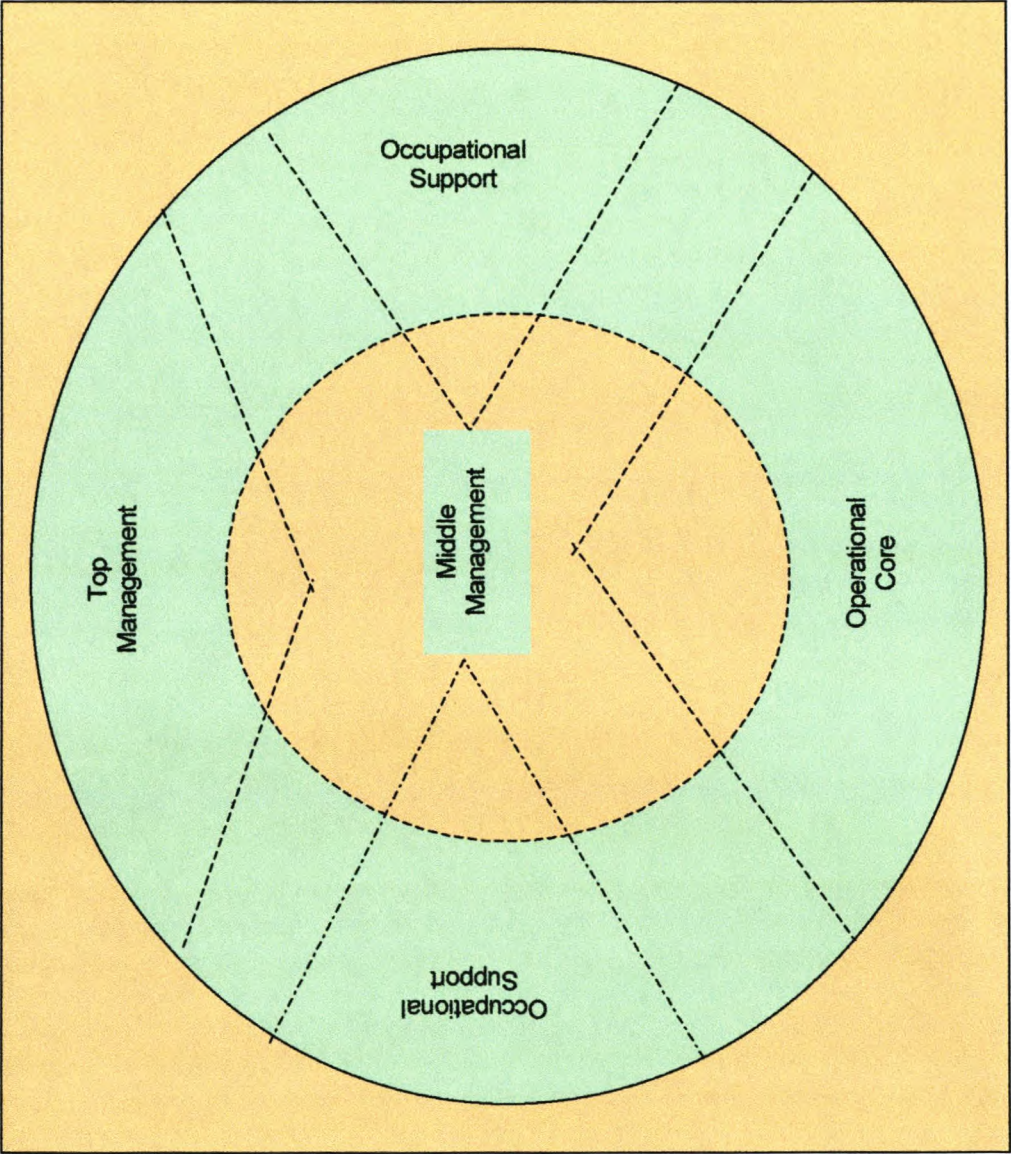
The illustration above sheds light on the components of an organisation. The next section will explore the types of organisations and the differences between them.

3.3 Private and public sector organisations

Mullins (1999:95) asserts that organisations have traditionally been distinguished in terms of two generic groups, namely private enterprise organisations and public sector organisations. The argument put forward is that the distinction can be made on the basis of ownership, finance and the profit motive.

Private enterprise organisations are owned and financed by individuals, partners or shareholders in a joint stock company and are accountable to their owners or members. They vary widely in nature, size and the type and scope of goods and services provided. The main aim is of a commercial nature such as profit, return on capital employed, market standing or sales level.

Figure 7: Five basic components of an organisation



Mullins (1999:94)

Public sector organisations, on the other hand, are created by government and include, amongst others, municipal undertakings and central government departments, which do not have profit as their goal. Municipal undertakings such as local authorities are “owned” by the council’s taxpayers and ratepayers and financed by council taxes, rates, government grants, loans and charges for certain services. Central government departments are “state owned” and financed by funds granted by parliament. Public sector organisations have political purposes and do not distribute profits. Any surplus of revenue over expenditure may be reallocated by improved services or reduced charges.

The researcher would argue that organisations such as community-based organisations (CBOs), non-governmental organisations (NGOs), religious organisations and charitable organisations fall into the category of public sector organisations. The crux of the argument lies in the fact that the latter aim to provide services to the community and do not have a profit motive. In many instances this is done in partnership with the public sector organisations or even with private enterprises.

A conclusion that can be drawn is that organisations by their very nature perform certain functions and that individuals work in them in order to reach common goals and objectives. This introduces the concept of the human performance function that accounts for a successful organisation. The concept of high-performance organisations will be briefly discussed as well as the supporting human resource systems needed to ensure optimal performance.

3.4 High-performance organisations

Popovich (1998:11) asserts that high performance organisations are groups of employees who produce desired goods or services at higher quality with the same or fewer resources. Their productivity and quality improve continuously from day to day, week to week and year to year leading to the achievement of their mission.

The researcher holds that in the long term people determine whether organisational goals are met. The goal of every organisation should therefore be the achievement of performance in order to meet predetermined goals. High performance can, however, only be achieved through the support of what Popovich (1998) terms high-performance human resource systems.

Popovich (1998:144) holds that the key values that the management of people should promote are competence, growth, equity, flexibility, diversity and accountability. This could be explained briefly as follows:

- Competence entails that employees must have the knowledge, skills, and other characteristics necessary to perform their jobs at the highest levels of productivity and quality.
- Growth emphasises that training and on-the-job experiences should continuously build the capacities of employees throughout the organisation. Equity refers to the fact that all employees must be treated fairly and compassionately.
- Flexibility refers to the fact that what should be avoided is the idea that one-size-fits-all. Rigid rules hamper the adjustments necessary to respond to varying and changing circumstances.
- Diversity is essential to achieving organisational results.
- Accountability states that individuals and groups must be properly supported before the organisation can move to hold them accountable for meeting current and high-performance goals.

To indicate a way for an organisation to perform well, a performance model as proposed by Henry *et al.* (1997:88) is presented in Figure 8 below.

3.4.1 High-performance management model

The notion of a high performance organisation has become increasingly popular in both private and public sector organisations alike. The researcher holds that the strength of this notion is its universal application to measure individual, department and programme or project effectiveness.

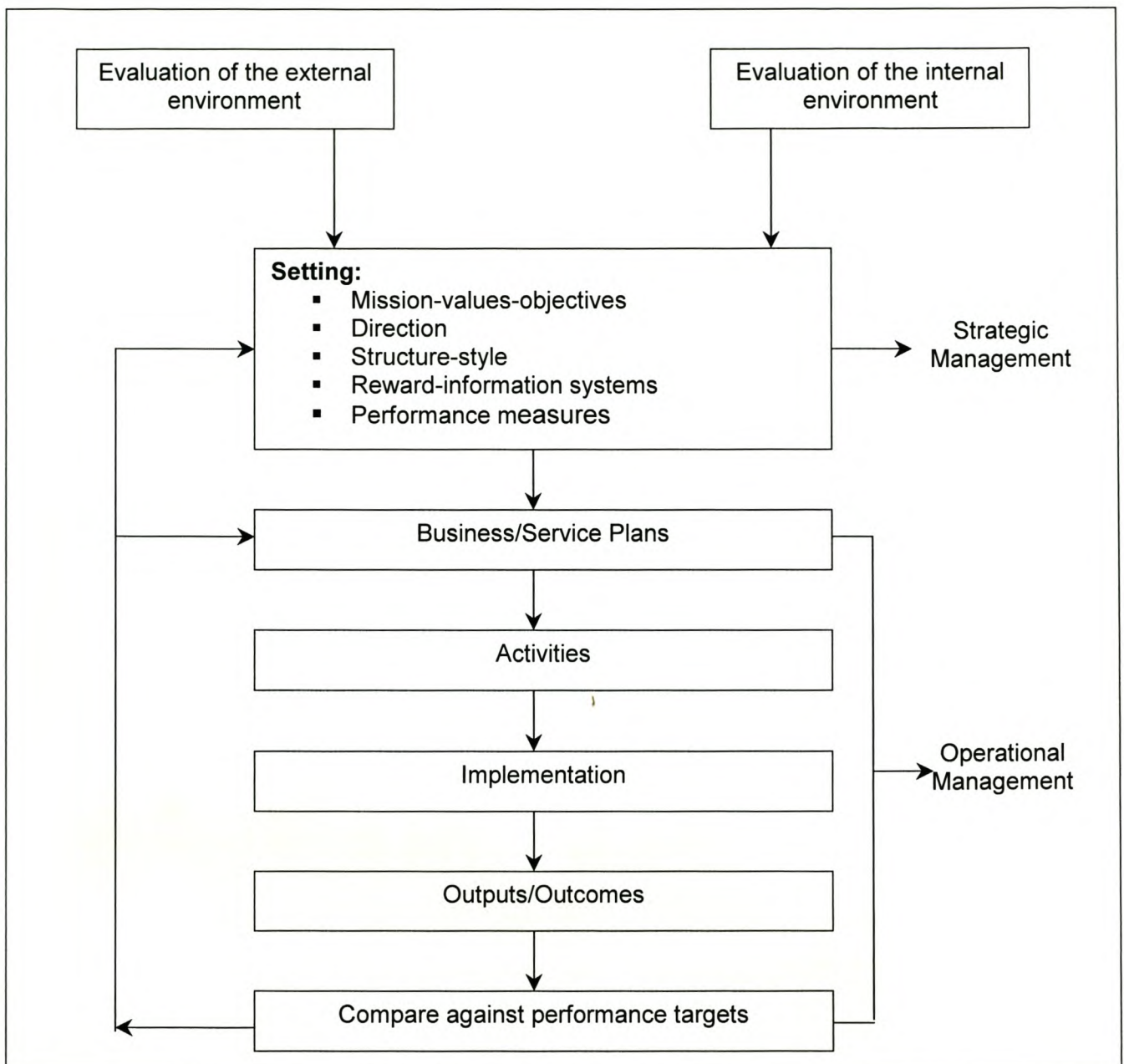
Henry *et al.* (1997:87) asserts that successful performance management depends largely upon the existence of the appropriate technical and procedural practices and supportive cultural and attitudinal characteristics within an organisation. They hold that the introduction of an appropriate performance management system can highlight important issues in the management of change. By having a strategic management perspective and focus that are fully integrated into the working practices of the organisation, a systematic performance framework can be developed which encourages and facilitates organisational learning and a systematic approach to problem solving rather than on organisational control. The assertion is that performance does not happen by accident or by chance and people need to be encouraged and supported as they seek to achieve the objectives within the organisation.

Henry *et al.* (1997:88) state that a systematic performance framework involves the following:

- A system in which managers at all levels have clear objectives derived from the organisational mission, expressed as precisely and unambiguous as possible.
- Emphasis is upon outputs and outcomes in terms of specified objectives rather than simply activities undertaken by the organisation.
- The objectives are set in terms of targets or measurable indicators in order to measure performance.
- Each person knows what is expected of them and knows that they are responsible for specific results and that these results are achievable.
- Supportive systems need to be developed – both “hard”, such as appropriate management information systems, and “soft”, such as an appropriate organisational culture or fit.

This concludes the discussion on organisations and their performance. The next section will review the area focus of organisational development (OD).

Figure 8: Performance management model



Henry *et al.* (1997:88)

3.5 History of organisation development

Ralphs (1996) and Harvey and Brown (1996) have traced the historical roots of OD. Ralphs (1996:4) states that OD emerged from four major lines of theory and practice, namely laboratory training, survey research, action research and socio-technical systems theory.

In tracing the historical roots of OD, Warren Bennis in Harvey and Brown (1996:9) argues that OD is one of the primary means of creating more adaptable organisations and he suggests three underlying factors that account for its emergence.

Firstly, there might be a need for new organisational forms. He argues that organisations tend to adopt a form that is more appropriate to a particular time; it might even be that the current rate of change requires more adaptive forms. The second aspect relates to the focus on cultural change. The argument put forward is that, because each organisation forms a culture, a system of beliefs and values, the only real way to change is to alter this organisational culture. Finally, the reasons for OD may relate to the aspect of an increase in social awareness. It might be that the changing social climate may cause employees to no longer accept autocratic styles of management, therefore leading to a greater social awareness that is needed in the organisation. Now that the historical roots of OD have been traced, a discussion of the definition of OD will follow.

3.6 Definition of OD

A number of authors have attempted to define OD. It is not the aim here to highlight what all the scholars have said on the subject, but rather to focus on finding an appropriate definition.

Ralphs (1996:3) defines organisation development (OD) as a planned system-wide change using behavioural science and humanistic values, principles and practices to achieve greater organisational performance and effectiveness.

He argues that OD uses some form of diagnosis and change agents. This view is consistent with that of Harvey and Brown (1996:4), who argue that OD is a long-range effort to improve an organisation's ability to cope with change and its problem-solving and renewal processes through effective management of organisational culture.

The manager, Mullins (1999:799) holds, needs to understand the nature and importance of organisational culture and climate, employee commitment, and the management of organisational conflict and change. Schwella (in Fox *et al.* 1991:243) states that OD represents a unique approach to the alleviation of bureaucratic problems and the improvement of organisational functioning.

From the various definitions given above, the researcher will argue that OD is concerned with attempts to improve the overall health and performance of the organisation. The definitive aspect is the planned nature of change. The conclusion can therefore be drawn that OD is about planned organisational change.

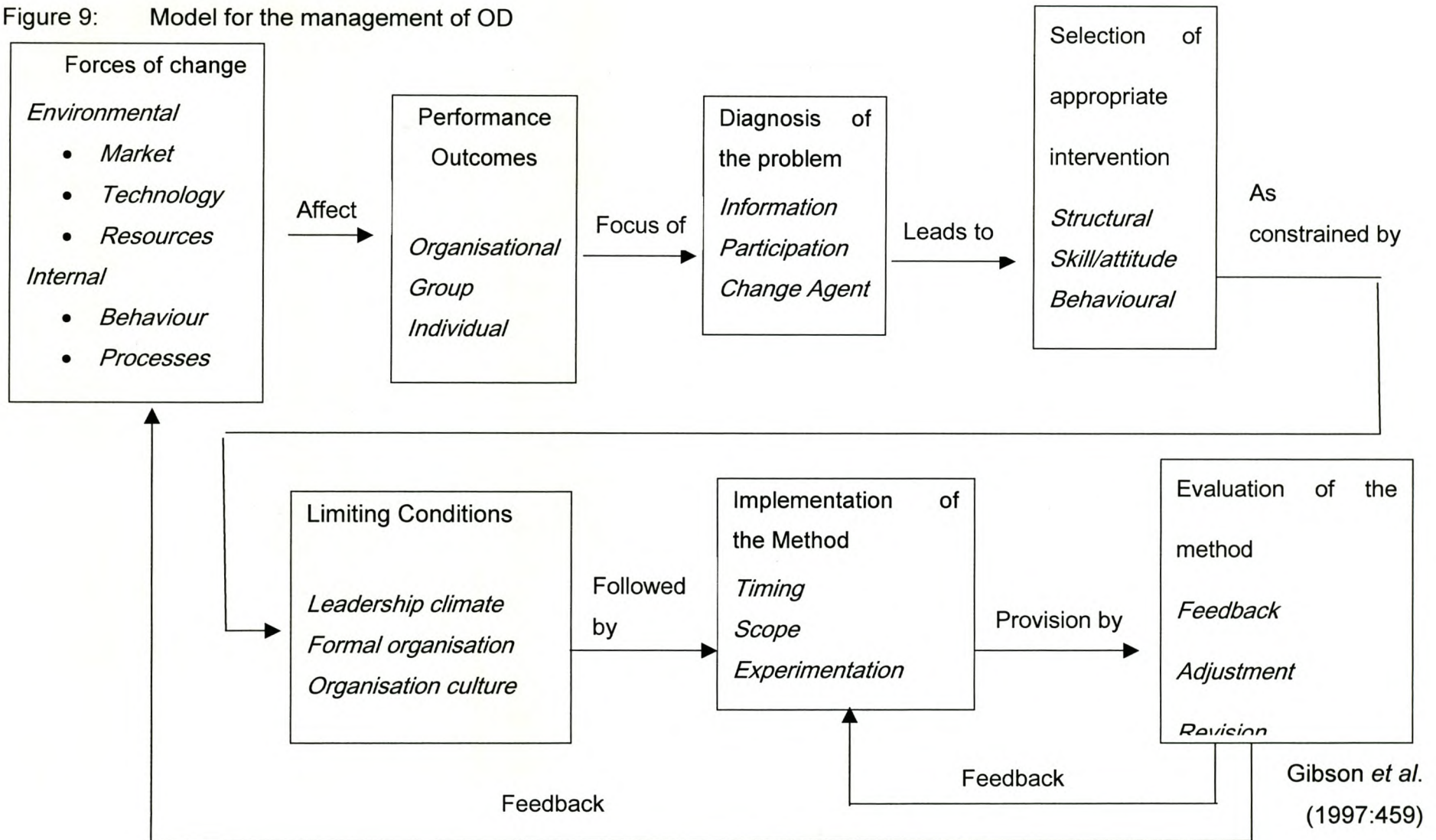
3.7 Planned organisational change

In defining OD the point was made that it amounts to plan change. This section will expound on the planned nature of organisational change, the forces of change and the role that change agents play in this.

Mullins (1999:822) argues that most planned organisational change is triggered by the need to respond to new challenges or opportunities presented by the external environment or in anticipation of the need to cope with potential future problems. This could include intended government legislation, a new product development by a major competitor or further technological advances. Mullins (1999:822) further argues that planned change represents an intentional attempt to improve in some important way the operational effectiveness of the organisation.

Gibson *et al.* (1997:459) presents a change model that is presented in Figure 9 below. He states that forces for change continually act on the organisation. It remains the manager's responsibility to sort out the information that reflects the magnitude of change forces. The manager must implement the changes and monitor the change process and change results. The conclusion is that the modern manager operates in a dynamic setting in which the only certainty is change itself.

Figure 9: Model for the management of OD



3.7.1 The forces of change

Mullins (1999:822) argues that an organisation can perform effectively only through interactions with the broader external environment of which it is a part. The structure and functioning of the organisation must reflect the nature of the environment in which it is operating. In order to help ensure its survival and future success, the organisation must readily adapt to the external demands placed upon it. The argument is that the main pressure for change comes from external forces as well as from internal pressures. The organisation must therefore be properly prepared to face the demands of a changing environment.

External forces are those forces that lie in the external environment of an organisation and they include, among others, educational and cultural forces, economic forces, technological forces, political forces, social forces and international forces. This was illustrated in Figure 6.

Internal forces refer to the pressures arising within the organisation. Gibson *et al.* (1997:466) argue that they can be traced to behavioural problems and could even include a breakdown in communication. Amongst the factors that can be linked to internal pressures are composition and policy of top management, changes of personnel due to retirement, changes in the skills and mental abilities of employees due to training, education and development in general.

Planned change does not happen by itself and in many instances the process is deliberately initiated. The person responsible for this is referred to as the change agent. The question of change agents within the OD context will be discussed below.

3.7.2 Change agents within the OD context

Gibson *et al.* (1997:457) argue that the change agent essentially challenges the status quo. They further argue that the success of any change programme

depends heavily on the quality and workability of the relationship between the change agent and the key decision-makers within the organisation.

Ralphs (1996:53) states that a change agent is involved in generating, implementing or adopting change. The change agent may be involved in doing any of the following:

- Identifying what needs to be changed;
- Converting the issues into a felt need;
- Demonstrating support for a change;
- Defending the change in the initial stages;
- Developing the change process needed to implement it at various levels;
- Maintaining an ongoing level of change in order for it to strengthen and expand the organisation; and
- Ingraining the change into the system until the new change becomes the norm, habit or standard practice.

Gibson *et al.* (1997:457) argue that there are three options for an organisation in selecting or deciding on a change agent. The organisation could decide to use an external, internal or an external–internal change agent. A brief explanation of the three options will follow.

- External change agents are usually temporary employees of the organisation, since they are engaged only for the duration of the change process.
- Internal change agents, on the other hand, as the name suggests, could be individuals working for the organisation who know something about its problems.
- External-internal change agents, as defined by Gibson *et al.* (1997:458), refers to the fact that some organisations use a combination of external and internal change teams to develop programmes. This approach attempts to use the resources and knowledge base of both external and internal change agents. The process involves designating an individual or small group within the

organisation to serve with the external change agent to spearhead of this change effort.

Another view of the change agent is provided by Brickerhoff (in Theron *et al.* 2000:202). He states that the future belongs to those public (private) managers who think of themselves as change agents and policy entrepreneurs, ready and willing to seek and have an impact on the larger system that lies outside the boundaries of their office, agency or programme. He goes further and states that these managers recognise that it takes a system to change a system. This recognition leads them to adopt an outward-looking orientation that extends beyond their designated roles and authority to encompass the full range of stakeholders both inside and outside of government, who need to be consulted or involved in achieving objectives and altering results. The change agent must therefore have a drive and a desire to translate the policy documents into action plans. He further holds that public managers should continually assess themselves and make adjustments where necessary.

Thakhathi (2000:83) states that it is vital for managers to understand their roles, tasks, functions and responsibilities to enable them to position themselves strategically for the challenges of an ever-changing policy environment. He suggests that managers should do the following to assist them to cope with challenges:

- Cultivate their capacity for strategic thinking;
- Develop strategic perspectives for their departments (where it is going) and share that foundation perspective with all employees within their department;
- Focus on a few vital issues at a time and devise strategic initiative to resolve them;
- Create an internal capacity to carry out the initiatives, structure opportunities for broad participation in developing them, and seek external support for their implementation;
- Set up ways to exert strategic control over how the department performs on new initiatives; and

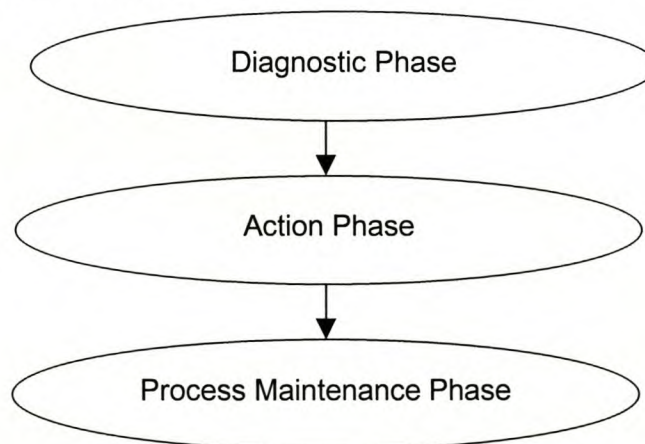
- Measure what goes on inside the department and evaluate the impact on customers and stakeholders as strategic initiatives are implemented to allow those signals to guide the learning.

This concludes the section on the planned nature of change and the role of the change agents. A closer look at the process of OD will now be undertaken.

3.8 OD process

The essence of OD is that it is by its very nature a process and the benefits are not immediately seen. Schwella (in Fox *et al.* 1991:244) states that an OD programme has three basic elements that account for its future success. The three distinct phases include a diagnostic phase followed by an action component and finally a process maintenance component. The contribution of Schwella (in Fox *et al.* 1991) will be drawn upon and is presented in terms of a model developed by the researcher.

Figure 10: OD process model



3.8.1 Diagnostic phase

This phase involves diagnosing the state of the system with a special focus on reviewing the strengths and the weaknesses in the organisational subsystem. The possible problem areas are highlighted, much like a medical practitioner checking the patient for possible illness. A complementary view is to look at

the diagnostic phase as undertaking an audit in an organisation. This will leave the person undertaking the audit with a clear picture of the current organisational state. Accordingly, the audit will attempt to answer the following questions:

- What are the organisational subsystems and processes, which seem to be most effective and efficient?
- Which subsystems and processes are giving problems?
- What are the underlying causes of these problems?
- Why are some subsystems and processes more efficient than others?
- What are the most important assets of the organisation, its subsystems and processes?

After all the relevant data have been captured, the next logical step is to do something with the data. The action component will be discussed next.

3.8.2 The action component

As the name suggests, things happen at this level. This process involves taking corrective action after the diagnostic phase described above. The scientifically gathered data become the basis on which the corrective action is taken. Corrective action within the OD set up takes place by using various interventions aimed at remedying the problems or turning the weaknesses diagnosed into strengths. Accordingly, interventions can be viewed as sets of structured activities in which selected organisational units engage in the task of relating the goals of the process directly or indirectly to organisational improvement. Interventions can be aimed at the individual, group, team or they may be organisation-wide.

The final step relates to process maintenance.

3.8.3 Process maintenance phase

This is the most vital stage and relates to the evaluation of the programmes in terms of achieving the desired results. This is achieved through asking four questions that can assist the OD practitioner:

- Are the interventions timely and relevant?
- Are the activities producing the intended and wanted effects? If not, why not; if so, why?
- Are there a continued involvement, commitment and investment in the programme by the clients?
- What are the total system implications of these efforts? Were these implications anticipated? Are any of the implications and consequences undesirable? If so, what can be done about it?

It goes without saying that the evaluation is of critical importance. It is both needed and necessary to ensure that the objectives are met and to assess whether the attainment of these objectives contributes to the alleviation of the problems diagnosed. Through the evaluation it is possible to adapt the action component, if this is found to be necessary.

The discussion above indicated that if organisational development is done in a systematic and sensible way, it could make a positive contribution to improving effectiveness and efficiency in any organisation. The strength of OD lies in the strategic and scientific nature of dealing with the challenges faced within organisations, be they internal or external. Added to this is its ability to set focus, consistency and follow-through.

This leads us to the question as to how learning takes place within the OD context, as this is a vital part within the OD process itself.

3.9 Learning principles in the OD context

An important aspect would be to assess the learning principles in the OD context. Gibson (1997:456) argues that managers can design a theoretically

sound programme and not achieve any of the anticipated results, because they overlooked the importance of providing motivation, reinforcement and feedback to employees. This emphasises the important aspect of learning within the OD context. The principles of learning serve to unfreeze old learning, inculcate new learning and refreeze the new learning. The three processes will be briefly discussed.

The process of OD learning as described above links with the process of planned change as described by Lewin (in Mullins 1999:823). This process involves the management of a three-phase process of behaviour modification.

Phase one involves unfreezing the behaviour, which entails reducing those forces, which maintain behaviour in its present form. The second phase involves movement and the development of new attitudes or behaviour and the implementation of the change. Finally refreezing of the new behaviour takes place. This process involves stabilising change at the new level and providing reinforcement through supporting mechanisms. This support could come in the process of adopting new policies, structures or norms.

In order for any OD process to be successful a number of conditions have to apply in order to ensure successful implementation.

3.10 Conditions for success of OD

Chameleon Consultancy (2000) states that in order for OD to be successful certain conditions are essential.

Top management must feel the need for OD and extend full support to the OD programme. Changes must be introduced in the total setting, structure, tasks, attitudes and technology. The outside consultant must have a participative and collaborative orientation and members of the organisation must themselves be willing to collaborate. Internal resources must be built up steadily. They warn that too much dependence on the outside consultant has

to be avoided and sufficient time must be allowed for the OD group to work out its programmes.

This concludes the section on OD and the various aspects related to it.

3.11 Conclusion

This chapter offered an analysis of the concept of OD. The researcher holds that organisations are dynamic living entities. They might even die if they are not carefully looked after, cared for and even stroked. The approach was to break the term OD down in terms of defining, firstly, organisations and then, secondly, to introduce the term organisational development.

A theoretical analysis of organisations was offered. The approach was to assess the different types of organisations. The research indicated that an organisation has different components that account for its makeup. The distinction was also made between private and public sector organisations and how they differ in respect of ownership and control. High-performance organisations were defined. The following conclusion was arrived at: an organisation is the sum total of the individuals working within it in pursuit of common goals or objectives.

The term OD was defined. The researcher concluded that the essence of OD is the notion of a process that offers long-term benefits. OD relies on a systematic process to diagnose and treat organisational problems and to maintain organisations in a state where they function effectively and efficiently. If OD is undertaken in a systematic and sensible way, it can make a positive contribution towards improving the effectiveness and efficiency of organisations. OD further amounts to planned organisational change. This planned change can be attributed to pressure from external as well as internal forces. OD has definite benefits for the organisation, but the climate has to be set for OD interventions to be successful. The role of the change agent was defined and the different options available to the organisations wishing to

embark on a change process. The conclusion is: OD and change agents go hand in hand; they are mutually supportive.

The next chapter provides an in-depth analysis of the lives of two organisations. The one organisation operates from within the confines of the public sector and the other from the private sector.

CHAPTER 4

DRAKENSTEIN MUNICIPALITY AND PIONEER FOOD GROUP: AN INTRODUCTION

4.1 Introduction

The previous chapter examined the subject field of organisational development by offering a two-phase analysis. The conclusion arrived at was that organisational development amounts to planned change and holds benefits for organisations. The concept of organisation was also defined and expounded, and a clear distinction was made between specifically public and private organisations.

This chapter will introduce two organisations, the one a local authority and a public organisation in terms of the definition given in Chapter 3, and the other a private organisation. The Drakenstein municipality, a local government organisation operating in the public domain, will be examined. From the private sector the processes and activities of the Pioneer Group will be presented. The structure of the organisations, the legal framework as well as their functions and services will be presented.

4.2 Drakenstein municipality – background

Drakenstein municipality is the biggest municipality outside the Unicity and has its headquarters in Paarl. The newly established Drakenstein municipality is the result of the amalgamation of the three local authorities of Saron, Gouda, Wellington and Paarl into a single local authority within the legal framework as described below and following the local government elections of 5 December 2000. The client base of the new local authority amounts to more than 250 000 people. Before the amalgamation of the towns the number of staff at the operational level is indicated in Figure 11 below.

Figure 11: Pre-amalgamated staff profiles

Paarl	1387
Gouda	9
Wellington	320
Saron	28

Paarl is by far the biggest and the oldest part of the amalgamated town, having been constituted as a town as far back as 1840. From an original agricultural settlement the town has grown into an important economic centre within the Boland. The head office of the new Drakenstein Municipality is in Paarl, which by far has the biggest infrastructure and resources. A closer look at the pieces of legislation that form the legal framework within which local government operates will be presented.

4.3 Legal context of local government

An examination of the constitution of the Republic of South Africa, 1996, Act 108 of 1996 and the White Paper on local government (1998) indicates that, within the South African context, local government, like all other levels of government, has a developmental role to play.

The role of local government is clearly defined in the constitution, with the objectives of local government being the provision of democratic and accountable government for local communities and the provision of services to communities in a sustainable manner. In addition to providing many of the traditional municipal services, local authorities must now lead, manage and plan for development. De Beer and Swanepoel (2000:100) propose that local authorities should not only concentrate on the provision of essential services, but implement strategies to reach developmental goals.

Within the constitutional framework the White Paper on Local Government (1998) and supporting legislation ushered in a new era of local government transformation. The broad policy framework has thus been introduced that will give effect to the vision of responsive and developmental local government.

Amongst the new laws emanating and impacting on local government is the Municipal Demarcation Act, 1998, Act 27 of 1998 and the Municipal Structures Act, 1998, Act 117 of 1998 followed by the Municipal Systems Act, 2000, Act 32 of 2000.

The White Paper (1998) identifies the following tools for realizing the vision of developmental local government:

- Integrated development planning (IDP) and budgeting;
- Performance management;
- Working together with local citizens and partners.

According to the White Paper (1998) IDPs must provide a holistic and participatory approach for short- and long-term local government planning. It also introduces tools such as performance management and partnerships. Critical in this process is the development of key performance indicators in order to measure the performance of the municipality against human development indices and value-for-money, in-service provision.

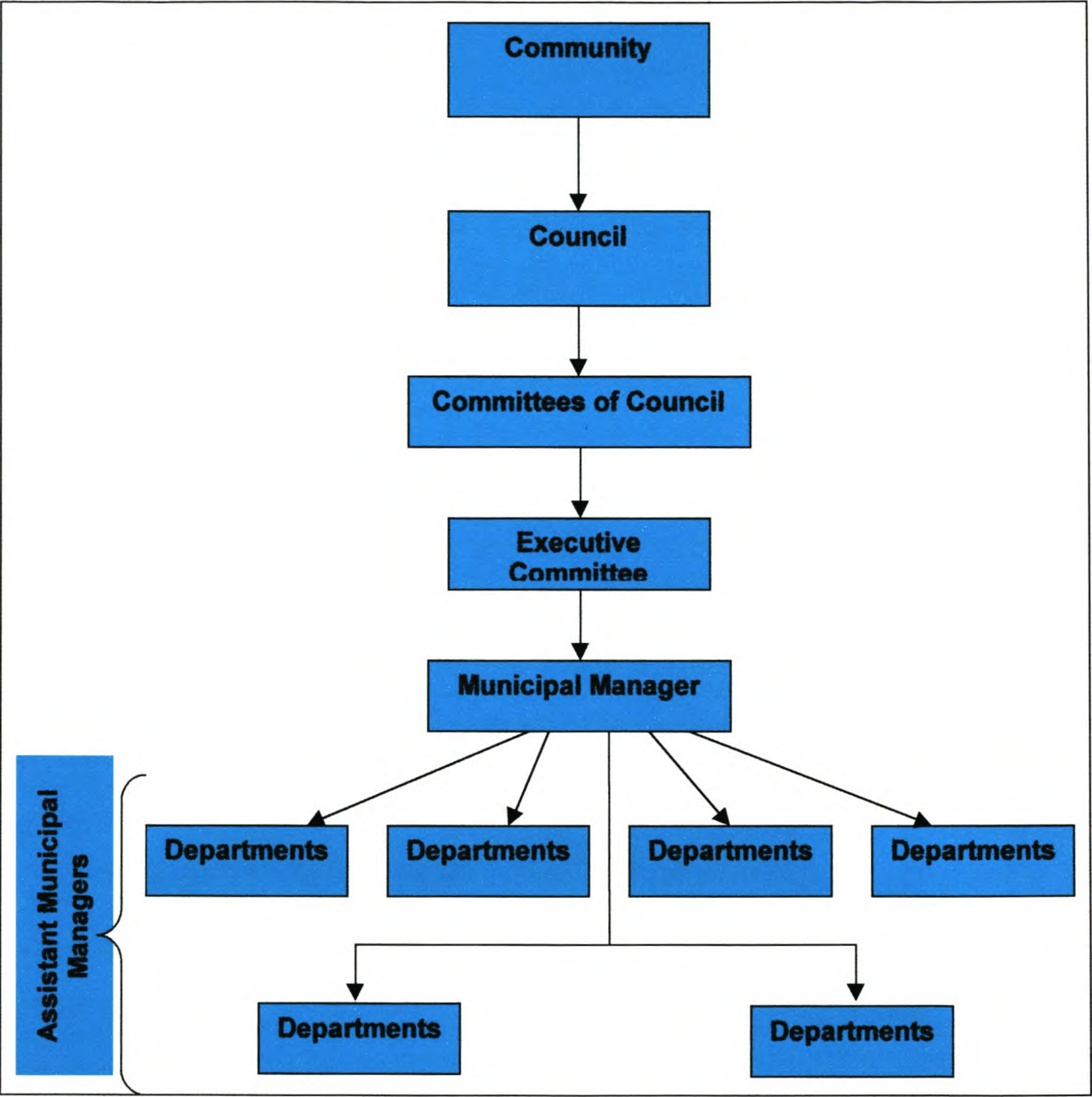
The final point to be taken into consideration is the following. Unlike provincial and national government, there is no separation of powers for local government between the executive and legislative arms. Instead the Council acts as both legislature and executive.

A closer look at the governance of local government will follow.

4.4 Governance

The accompanying diagram presented in Figure 12, proposed by the researcher, illustrates the different components that constitute the organogram of the Drakenstein Municipality. The following aspects need to be highlighted in terms of processes, structure and decision-making.

Figure 12: Drakenstein municipal structure



4.4.1 Municipal council

The municipal council with the committees can be considered as the political arm of the organisation. The responsibility of good governance, participatory democracy and effective implementation of programmes lies with the elected officials, called the councillors. Khoza (2001:14) states that the role of the councillors within the council is to review annually the needs of the communities, its priorities and how it goes about meeting these needs and its

overall performance in achieving its targets. It must further develop mechanisms for consulting communities and community organisations to determine the needs of the communities. Finally, the decisions on the allocation of resources, budgets and processes take place on this level.

4.4.2 Committees of council

The Drakenstein Municipality has a number of standing committees. They can be considered as the engine room of council where many of the preliminary decisions are taken and policies formulated. The following five standing committees operate within the council:

- Housing
- Planning and economic development
- Corporate services
- Community Services
- Public works.

4.4.3 Executive committee

In terms of the Municipal Structures Act, 1998, certain types of municipalities may elect executive committees or they may have a mayoral committee. This decision is a provincial ministerial prerogative.

Drakenstein municipality has a collective executive system that proportionally represents the political composition of council. As the principal committee it is responsible for prioritisation of needs from the community and to recommend to council strategies and programmes to address the needs (Municipal Structures Act, 1998). The executive committee ratifies some of the decisions taken by the standing committees and makes recommendations to council. The chairperson of the executive is the mayor, who has been given more responsibilities other than the ceremonial role that was indicative of the previous system. The mayor and the deputy mayor are elected from this committee.

4.5 Operational review

The role of the council is to craft the direction of the organisation and to point towards the future. The function of this level of leadership is to give effect to the strategic direction. The person tasked with this responsibility is the municipal manager, who is also the chief accounting officer. Together with his chiefs they constitute the executive management team who are tasked to give effect to the intentions of council. They also assume the role of advisors on certain policy issues.

Following this is the next level that could typically involve the chief of the department; together with the section heads in the department they form the team. The planning department represents a case in point. It is not uncommon to find three section heads reporting to the chief of the department. The chief and the section heads are referred to as the senior management of the department.

The next layer in the bureaucracy is that of line management. Line management refers to the members of the particular department that are involved with the day-to-day spadework. This involves the superintendent, senior foreman and foreman. In other departments this might be referred to as the senior superintendent and the superintendent. A typical team at this level could involve between 6 and 12 people.

Drakenstein municipality have appointed their training chief as skills development facilitator with the task of championing the skills development path. He reports directly to the municipal manager.

4.6 Functions and services

The core activities of the Drakenstein Municipality are providing community services such as refuse removal, sewerage, maintenance, health services, engineering, community development, infrastructural development, and the

maintenance of law and order through providing a safe environment for all the citizens.

The next section will introduce the Pioneer Food Group.

4.7 Pioneer Foods - background

Pioneer Foods has its headquarters in Paarl and is a leading South African food manufacturing company. The company was constituted in 1997, as the result of the amalgamation of two long-standing manufacturers, namely Sasko and Bokomo. The latter companies operate as divisions within the Pioneer Group. The company has a human resource capacity of 9082 people in more than 100 units distributed through the diversified portfolio.

4.8 The legal context of business

The Pioneer Group Limited is defined as a company in terms of the Companies Act, 1973, Act 61 of 1973. Cilliers *et al.* (2000:67) state that a company can assume a variety of forms, which makes it difficult to define. They do, however, attempt to describe it in general terms as an association of persons with the common objective of acquiring gain. The company is primarily a business entity and it can generally only acquire rights and duties and perform acts that are required for purpose of economic activity.

Cilliers *et al.* (2000:276) hold that the Companies Act, 1973, clearly states that a group of companies consists of a holding (not being in itself a wholly owned subsidiary) and its subsidiaries. A holding company (such as Pioneer Food Group) is linked with a subsidiary or subsidiaries to form a larger and more complex unit. The basic characteristic of such a group is that the management of the different independent holding and subsidiary companies comprising the group is normally coordinated in such a way that it takes place on a central and unified basis in the interest of the group as a whole.

Management on a unified basis is therefore possible because of the control, implicit in the holding/subsidiary company relationship, which the holding company exercises over the subsidiary. This control makes it possible for the group to be managed as an economic unit in the sense that the different subsidiary companies no longer carry out their commercial activities on a footing of complete economic independence.

The conclusion is that in terms of the Companies Act, 1973, Pioneer Foods Limited can be classified as a holdings company. The next section will evaluate the governance of the organisation.

4.9 Governance

Figure 13 illustrates the different components that constitute the organogram of Pioneer Foods and will be highlighted in terms of processes, structure and decision-making.

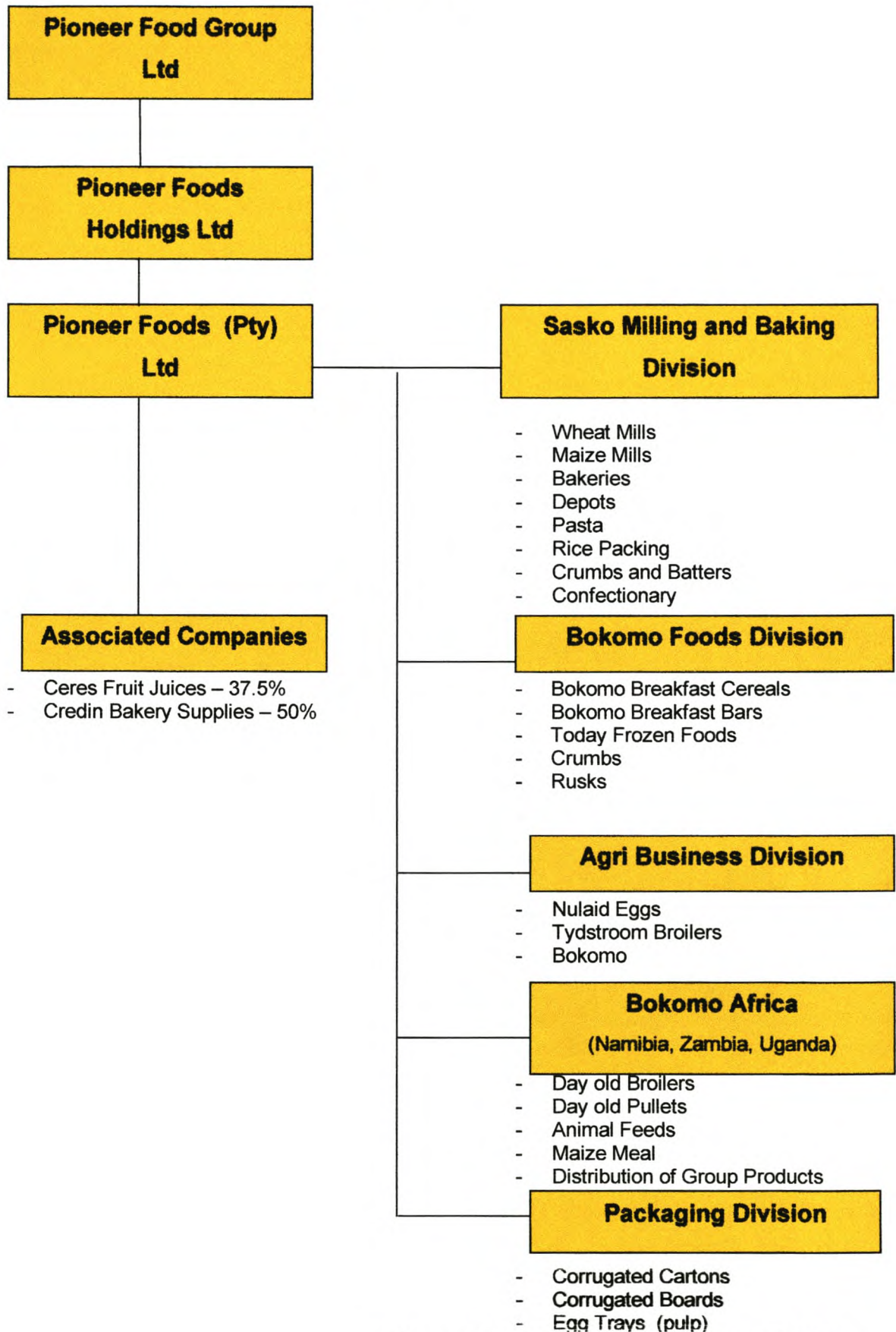
4.9.1 Board

Pioneer Foods prides itself on being a company that advocates good governance. The governing of the company is entrusted to 15 directors who recognise and acknowledge the need to manage the activities of the business with integrity and according to generally accepted corporate practice and principles. The chief function of the board is to formulate strategy and policy. Of the 15 directors, 11 are non-executive, including the chairman. It is the policy of Pioneer Group that all non-executive directors are appointed for specific terms and that they are not automatically re-appointed or re-elected.

4.9.2 Committees of the board

Two committees play an assistance role to the board, namely the human resources (HR) and audit committee. The HR committee consists of four directors, of which three are non-executive. The function of the committee includes decisions covering remuneration of directors and senior

Figure 13: Pioneer Food Group structure



Pioneer Food Group Annual Report (2000)

management. The committee is also responsible for evaluating and approving the human resource strategies. The company has placed employment equity and skills development high on the agenda. To give effect to this a thorough analysis has been undertaken in the light of skills development legislation.

The audit committee consists of four non-executive directors. The internal as well as external auditors have unlimited access to the audit committee. Meetings are held twice a year and attended by the internal and external auditors and relevant members of the executive management. The second task of the audit committee relates to risk management. All material risks in the Group have been documented into a comprehensive risk framework. Proper internal control measures are in place and their execution is monitored internally (Pioneer Foods Annual Report: 2000).

4.10 Operational review

The next layer consists of the executive management team. The management is responsible for the group governance and ensuring that the execution of group strategies, principles and philosophies are structured in an orderly way. Portfolios and positions held at this level include a managing director, two executive directors, financial director, human resources, marketing and public relations.

The company operates across five divisions with separate business units operating within each division:

- Sasko Milling and Baking (operates bakeries, wheat mills, and maize mills nationally)
- Bokomo Foods
- Agri-Business with business units, Nulaid, Tydstroom and Bokomo Feeds
- Bokomo Africa with operations in Namibia, Uganda and Zambia
- Atlantis Packaging.

Pioneer Foods have appointed a group skills development facilitator tasked to champion the skills development path throughout the various business units. He reports directly to the principal human resource person at the group executive level.

4.11 Functions and services

The Pioneer Foods group have received wide consumer recognition through the products on the market, among other the “Sasko Sam” breads, the Bokomo range and Nu-Laid Eggs, to name but a few. The core activities of the group include the production of wheaten, flour, maize, meal, bread products, confectionery, crumbs and coatings, rice packing, soya, breakfast bars, frozen foods, eggs and related products, broilers, fresh and frozen chicken, animal feed, dog food and packaging material.

4.12 Conclusion

Drakenstein municipality is obliged by the constitution of the Republic of SA primarily to deliver services to the community and to work in concert with them in prioritising needs in a sustainable way. The Pioneer Food Group, on the other hand, is a company established with a clear profit motive. As a young group it is committed to providing value for money to the growing the client base through the wide range of established brands. This chapter gave a snapshot of the complexities, processes and structures of the Drakenstein Municipality and Pioneer Foods respectively. Both of them are young organisations finding their feet in an environment that is continuously introducing new challenges. The legal context was presented the decision-making levels within the organisations were presented. The decisive difference between the two organisations, however, is the profit motive.

The next chapter will critically assess the human resource policies and activities of the organisation in respect of the new labour market policies. Their activities in relation to the requirements of the Skills Development Act, 1998 will be interrogated.

CHAPTER 5

RESEARCH FINDINGS AND ANALYSIS

5.1 Introduction

The previous chapter highlighted the Drakenstein municipality and Pioneer Foods Group in terms of their structures, processes and systems. Their uniqueness in terms of functions, services and benefits was emphasised.

This penultimate chapter takes a different form. It adopts an investigative perspective and shares with the reader the research outcomes on the two organisations. The organisations are put to the test in terms of their demonstrated level of skills development compliance and commitment to implementation. Central to this presentation will be an appraisal of the practical processes and steps being taken at the micro level in terms of identified broad themes.

The research methodology, constraints and limitations of the research will be shared. Finally an analysis of the gathered data will be provided as well as an assessment of whether there is a causal link between the Skills Development Act, 1998, and OD.

5.2 Methodology

The research set out to ascertain whether Drakenstein municipality and the Pioneer Food Group were conforming to the new labour market policies as a result of the Skills Development Act, 1998, and the related legislation. Secondly, the research needed to establish whether there is a causal link between the Skills Development Act, 1998, and OD.

Primary data were obtained by conducting interviews with selected staff from the Drakenstein municipality as well as with the relevant members at Pioneer Group. Secondary data were obtained through reviewing the education and training policies of the respective companies. Secondary data took

precedence as a central means of validating primary gathered data. In addition relevant literature, documented legislation, books and appropriate journals were consulted.

5.2.1 Constraints

As mentioned earlier the goal was to conduct structured interviews with all the relevant stakeholders in the respective companies; however, not all the mentioned stakeholders at Pioneer Foods could be interviewed due to their tight schedules. In this case secondary information was obtained from research done at Pioneer Foods (October 2001) into the effectiveness of the skills development committees at divisional level. This proved to be invaluable in complementing the findings of this research. Figure 14 below indicates the relevant stakeholders interviewed at the two organisations.

Figure 14: Stakeholders interviewed

Drakenstein Municipality	Position	Pioneer Foods
Jacques Carstens	Municipal manager	
Jongi Frans	Human resource manager	Dale Fobian
Deon Heyns	Chairperson-SAMWU	
Theo Roodman	Skills development facilitator	Averal Fortuin
Martien Greef	Human resource manger	Makisili Dlikilili
Jimmy Knaggs	Chairperson / IMATU	
David Friedman	Senior manager	

5.3 Research findings

Primary and secondary data were sourced in order to evaluate skills development compliance at the organisational level. An assessment of company skills development processes, strategies and challenges through conducting interviews with key stakeholders and validating this with company training and human resource policies was undertaken. The following themes

were presented through structured questions to the different role-players interviewed and grouped below (see Annexure B):

- Awareness about skills development policies;
- Stakeholder support;
- The role and function of the skills development facilitator;
- Policies, programmes and processes;
- Implementation at company level;
- Organisational development;
- Suggested room for improvement.

Throughout the experience of the municipality will be highlighted and then contrasted and compared with that of Pioneer Foods.

5.3.1 Awareness of skills development policies

The Drakenstein Municipality (DM) skills development policies are known throughout some sectors in the organisation, more specifically the senior managers. This awareness is confined to an administrative understanding and does not extend to an understanding of the spirit behind the legislation. This awareness was raised through sensitising workshops co-ordinated by the training department. The municipal manager has some awareness of these policies, having attended a workshop, but relies more importantly on the SDF to keep him posted. The frequency of the reports is inadequate, leading to a feeling that the status of the skills development processes is unclear (Carstens 2001: Interview).

The council as the highest decision making body has, however, never been afforded the opportunity to express support for the new labour market policies and awareness is therefore limited to the level of the senior officials. No skills development awareness strategy is in place that can secure a broad buy-in, neither has an attempt been made to spread the skills development awareness amongst the workforce.

The Pioneer Group has proactively addressed and spread the skills development gospel amongst the workforce. Awareness was raised through the various sensitising workshops and by making use of the in-house newsletter. A training manual was developed by the SDF. "Where it was deemed necessary, outside consultants were procured to assist with the raising of awareness" (Fortuin 2001: Interview).

5.3.2 Stakeholder support

The skills development process allows for the constituting of WSC as the place where the various stakeholders are consulted on the drafting and implementation of the workplace skills plan. (This was described in chapter 2.)

The WSC, however, has become dysfunctional in Drakenstein, but attempts have been made to revive it (November 2001). After more than ten months since amalgamation, a training committee could not be constituted. Senior management and the line managers are perceived to be sabotaging the process as described above. Virtually all the parties interviewed put it that skills development is not supported and championed by the current senior management. "They (senior management) apparently fail to see the value in the process and treat it as a waste of time and a burden". "Skills development is viewed as a personal function with the result that despite having sessions with senior management to sensitise them about the process, buy-in did not automatically follow: the benefits of skilled workforce is not shared" (Roodman 2001: Interview).

Senior management disputes this view, stating that they are not consulted sufficiently regarding training and development issues (Friedman 2001: Interview) "We support training, but perhaps I do not have the skills to sit down and do the skills development planning in a strategic way, nor the skills to match the strategic objectives with the training needs of our people". The problem of time and the questions of being understaffed were also highlighted as potential areas where it could be perceived that senior management are not in support of labour market policies.

Stakeholder support is visible from the two unions, who keenly support the philosophy and the spirit of the Skills Development Act, 1998, as they see benefits in the policies for their members. "I believe that for every working day 20 people should be trained " (Knaggs 2001: Interview).

The Pioneer Group has WSC in place. These WSC's are viewed as administrative bodies and are not entirely carrying out their mandate (Fobian 2001: Interview); in some plants the WPSC was democratically elected, some appointed and consultation was at best superficial. This has also been the experience of the SDF: "The establishment of training committees, as well as the consultative process implied in the establishment of such committees, came as a new challenge and in some instances the level of consultation were superficial" (Fortuin 2001: Interview).

This is confirmed by the study that was commissioned by Dale Fobian, the divisional human resource manager, into the effectiveness of the WPC and undertaken by Jane Forsdyke (October 2001). She concludes that the implementation of the WSC is weak and not enforced, partly as a result of apathy amongst senior management about the process. This does not surprise the SDF, who argue that the mindset regarding the process of skills development compliance and implementation is the biggest challenge.

Senior management buy-in is confined to the understanding of claiming the grants back. They generally lack conceptual understanding and fail to see the strategic business benefits of the new legislation (Fobian 2001: Interview).

Despite this, some WSC are working well, are properly constituted, with substitutes that accounts for open and transparent processes at the organisational level. Where it works well is where the organisation has combined the equity committee and WSC. Through the equity committee the organisation has ensured that all the workers from the designated group as well as the non-designated group are represented on this level.

5.3.3 Skills development facilitator (SDF)

The SDF at Drakenstein Municipality understands this role and is passionate about the process. He is a champion of organisational development and transformation, and is vocal about the process. The SDF is also the chief training officer with a staff component of four and contracted support staff.

The stakeholders interviewed have some idea of what the SDF is suppose to do, but there is no clear job description, as the SDF is also the training chief. By this own admission, the SDF feels that a shared approach is lacking even from the human resources department, who do not function as a team. What makes a common strategy more complex is the fact that reporting on skills development bypasses the human resources manager. The SDF reports directly to the municipal manager, who has the overall responsibility for the achievement of organisational goals and objectives. This reporting style has virtually isolated the human resource manager, who has a feeling of being undermined, as the training section is located within the ambit of the human resources department. "I do not know what goes on, yet I am supposed to know as skills development is an HR issue; HR is not taken seriously in the organisation and HR is not strategically situated in the organisation" (Frans 2001: Interview)

A skills development facilitator has been appointed to act as the chief knowledge officer for the Pioneer group. He acts as an internal consultant and the expert on skills development. His efforts are supported in the organisation and his peers respect him. The human resource managers at the regional level and the general managers at the unit level support the efforts of the SDF. Dale Fobian describes the SDF as follows: "He is responsible for the introduction of skills development processes, systems, auditing, monitoring and design. It is our responsibility to ensure the implementation with the assistance of the line managers and the other senior people" (Fobian 2001: Interview)

The reporting lines are clear. He is usually called upon in the event of problem areas. The relevant people know what the SDF is supposed to do. The SDF has a clear job description and reports directly to the group human resources director. The SDF has a clear role and goals and facilitates this throughout the group. The organisation has provided the necessary support, infrastructure and budget, and has the authority to ensure skills legislation compliance.

5.3.4 Programme policies and processes

The training policy of the former Paarl Municipality is being proposed as the new training policy of the new Drakenstein Municipality and is a fine example of integration. The training policy states, among other things, that training needs to be goal directed and of economic value. Secondly, the policy has to comply with the following basic requirements:

- It has to be formulated in conjunction with the support of the council, managers, employers and trade unions;
- It needs to be implemented in accordance with the objectives and strategies of the organisation; and
- A practical method of following up and providing feedback in respect of training from within the work situation must be prescribed and followed.

The training policy seeks to provide answers to key issues such as:

- The purpose and scope of the training in the municipality / department / division / section;
- The contribution of training towards the objectives of the organisation;
- The responsibility of senior management and each line manager with regard to training;
- The responsibility for making needs assessment studies;
- Whether training and development forms part of the organisation's development strategy;
- Whether training and development forms part of each manager's function.

Although the organisation has a training policy, very few of the good intentions are being carried out, as role confusions seem to be the order of the day. Allegations of senior management slackness are rife throughout the organisation. Senior management do not seem to appear to understand training and the value it holds for the organisation and some members are not aware of the training policy.

The process of drafting the workplace skills plan was not bottom up, with the result that training priorities are vague and very difficult to measure. The analytical departmental analysis was, however, sadly lacking and the workplace skills plan was reduced to an administrative level instead of a strategic level. No evidence was found of a strategic approach to skills development. The skills plan has no logical link with the employment equity plan with the result that the results are not achieved as envisaged in the respective employment and skills development acts.

The organisation does not have a clear strategy that is driven by management. There are weak links with the overall strategy of the organisation, with the result that "some" training can take place outside the training policy and outside of a structured training programme that complements organisational aims and objectives. The researcher asserts that this process was not needs based, or based on empirical data.

All personal records were verified and plans are afoot to install a new IT software program. This program will be able to produce data on the employment equity status, recruitment and selection, labour relations, rotation and skills development programmes of individuals as well as units.

Pioneer Foods have embarked on the skills development path and have creatively addressed the issues around skills development. A number of progressive systems and policies have been implemented in order to ensure that Pioneer Foods takes maximum advantage of the new labour market policies. The organisation has wholly embraced the new labour market policies, stating the following as obvious benefits:

- It offers a chance to recognise the importance of training within the new competitive environment;
- Recognises the need for training to be strategically integrated into company strategies;
- Investing in personnel raises employee morale and productivity and reduced absenteeism;
- Better skilled people are better able to keep pace with technological changes and new jobs demands;
- Improvement and the upliftment of the skills levels of employees lead to more productive organisations;
- The new skills dispensation assists with the promotion of competent affirmative action candidates.

Pioneer Foods has a decentralised structure. The nature of the business calls for quick decisions and the workplace skills plan is developed at the unit level, where the staff totals are not more than 300. At the unit level these policies have been written and developed, but are not always consistent as employees struggle to come to terms with the pains of implementing good intentions.

5.3.5 Implementation

The source of evidence is secondary in the form of the annual training report submitted to the relevant SETA. To date (October 2001) Drakenstein Municipality's training report has been submitted to the relevant SETA. The Pioneer Group has submitted training reports to the relevant SETAs.

An integrated transformed plan has been introduced at certain divisions within the organisation called "Project to be". The broad aim of the project involves integrating the transformational process. The focus is on changing the view that the organisation works in silos by focusing on the value-added chain that emphasises the importance of internal customers and external customers. This focus is on mission-directed teams within an integrated transformational model. The roll out at the plant level is 24 months with a cost of R450 000

over the next 10 years, involving 32 bakeries. Skills development is a vital component of this process. An analysis of the findings will be presented.

5.4 Analysis of findings

In general the findings of the research point to the following. The experience of Drakenstein municipality as far as skills development compliance and implementation is concerned does not differ much from the Pioneer Foods Group. The private sector organisation is marginally ahead in terms of implementation, processes and innovation. This section will analyse the data and draw some conclusions. An important point to note is that compliance and implementation are two different processes. The findings will be presented in line with the way the questions were grouped and structured.

Skills development awareness: Communications regarding the skills development policies can at best be described as poor in the Drakenstein municipality. Communication at Drakenstein leaves much to be desired and needs to be addressed urgently. The Pioneer Group, on the other hand, is creatively spreading the skills development gospel, although a communication strategy does not underpin the process. The way that the skills development policies are marketed and branded needs attention.

Stakeholder support: In this section huge discrepancies were found. The local government committee has become dysfunctional and enough evidence was presented to indicate that in some cases the same could be said for Pioneer Foods. The role of senior management was highlighted in both organisations as the key to the successful implementation. In both organisations education and training of the senior management seems to be a priority.

Skills Development Facilitator: The researcher holds that the essential difference between the experience of the municipality and Pioneer Foods boils down to the SDF. In Pioneer Foods the SDF has been given the authority, job description and clear outputs to champion the skills development cause. The opposite is the case at the municipality and little

organisational support exists, although a capable person drives the process. The political nature of the organisation may account for this, as decisions are centralised. The research has proved the vital role that the SDF person plays in ensuring compliance and implementation of skills development strategies. The SDF must have demonstrated leadership skills. The process will not succeed if the person is not a leader. In this section Pioneer Foods came out tops.

Programme policies and processes: The researcher holds that most individuals are struggling to turn their good intentions into habits; the same can be said for organisations. The local government landscape have become politicised and implementation and budgets determine the successful implementation of programmes. Senior management and their line managers do not understand the importance of education and training and this is a matter of serious concern.

Pioneer Foods, on the other hand, have embarked on an exciting integrated transformational model that will change the culture and mindsets over the next decade. New relationships will be defined as the structures are opened up. This proactive long-term approach is heart-warming and tremendously encouraging. It helps if a vision is projected and development programmes and projects are integrated.

The implementation: The training budget of the municipality is simply lip service, with the R21 000 budgeted for affirmative action an insult to the members the designated groups. The training budget fall far short of international local government benchmarks.

It is clear that Pioneer Foods have committed to the future through the various programmes and projects aimed at investing more strongly in human resources. The "Project to be" is a shining example of vision, leadership and pro-activeness. The holistic approach can only be beneficial to the group as a whole.

This concludes the analysis of the findings. The final section will analyse whether there is a conclusive link between the Skills Development Act, 1998, and OD.

5.5 The link between skills development and organisational development

The central question posed in this research is whether there is a causal or embryonic link between skills development legislation and OD. In Chapters 2 and 3 the process of skills development implementation and the OD process respectively were described in detail.

The researcher confirms and concludes that after an in-depth review of the relevant literature and legislation that a definite link exists between the Skills Development Act, 1998, and OD. The following reasons are advanced in substantiation of the argument:

The first step in the OD process is the diagnostic phase. OD and the Skills Development Act regard the diagnostic phase as crucial for success and the health and future sustainability of the organisation. Skills development and OD both have at their core the asking of critical questions about the organisation, its future health and that of all the subsystems. By its very nature the processes are dynamic, relying on empirical data before prescribing interventions or corrective action. The accomplishment of any intervention therefore rests squarely on the accuracy of the diagnosis.

The second step involves an action component based on the needs of the organisation as expressed through the diagnosis. In the case of the skills development implementation process, this involves the roll out of learning and development programmes aimed at improving the performance of the organisation. In essence this represents the implementation of the workplace skills plan.

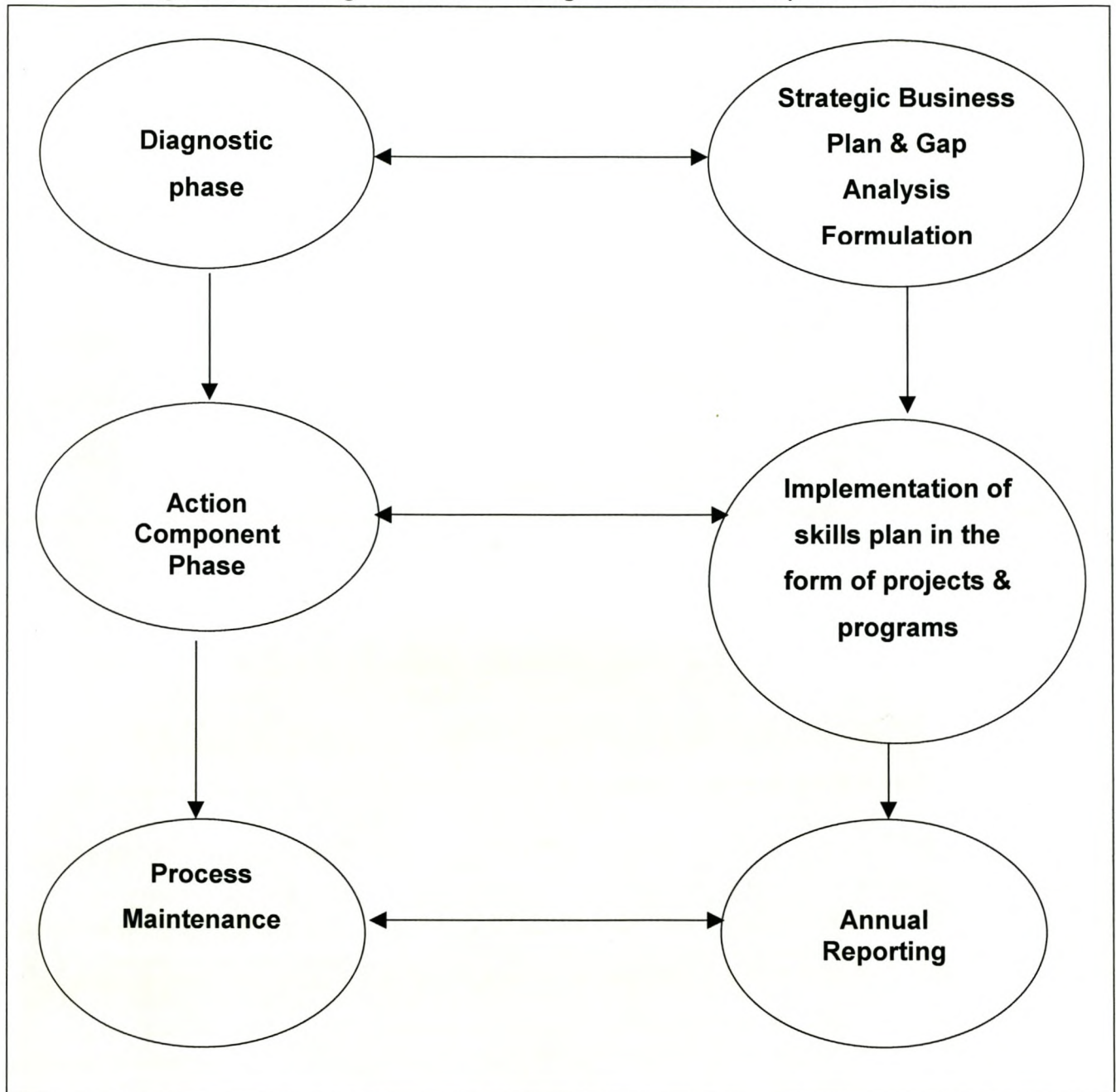
The third step in the OD process refers to the process of maintenance. In essence it is evaluative in nature and involves the honest reflection regarding the impact of organisational programmes and projects. The skills development process requires the generation of an annual report that entails the organisation reflecting on the impact of organisational learning programmes. Both processes focus on the long-term benefits for the organisation. It is a proactive future-based process as opposed to a knee-jerk, short-term, feel-good intervention. Stated differently, the future focus of both processes makes it a vital part any organisation. Mkusili Dlikili, human resource manager at Pioneer Foods, confirms this view (2001: Interview).” The skills development act is the critical arm of OD and makes for good business practice. What is of significance is its future-orientated nature calling on horizontal and vertical skilling of staff”. Averal Fortuin (2001: Interview) supports this view and holds that the skills development legislation should be viewed as enabling legislation that can assist the organisation to navigate a path and presents glorious opportunities for OD. He further argues that organisations that do not implement and take advantage of the new policy environment will remain stagnant and will in time become obsolete.

The links between the skills development legislative requirements and organisational development cannot be disputed. They are mutually supportive, holding benefits for the organisation. Dlikili (2001: Interview) holds that the “the skills development legislation is the best thing that could have happened; for human resource practitioners it gives the ammunition to inculcate organisational development and organisational transformation”. Dale (2001: Interview) states that the Skills Development Act, 1998, is an important delivery vehicle to enhance organisational development.

The researcher holds that the policy context has been created for organisational development, provided the organisation takes advantage of the new policy environment. Planned change activities are being introduced to ensure that the new organisation achieves its strategic objectives, through the skills development process.

The researcher submits that in the future the two processes as presented in Figure 14 by the researcher will become integrated into the life and system of the organisation.

Figure 14: Integrated skills and organisational development model



5.6 Conclusion

Skills development at implementation level is not without teething problems and some interesting observations can be made. Compliance and implementation is definitely not the same thing. A number of challenges have been identified that are hindering successful implementation. Despite this, stakeholders interviewed have all indicated a willingness to make skills development work.

The next chapter will offer possible solutions and recommendations in order to ensure successful skills development implementation at organisational level.

CHAPTER 6

RECOMMENDATIONS

6.1 Introduction

<p>“The best way to predict the future is to design it”- MML Mdladlana (Minister of Labour)</p>

This concluding chapter is about the future as articulated by the Minister of Labour and brings to a close the research into skills development legislation and OD.

The previous chapter presented an objective analysis of the two companies that have attempted to introduce skills development strategies at an operational level. The labour pains are obvious as they come to grips within an environment that is being radically reshaped. With the pain come opportunities. As indicated in the previous chapters, many opportunities exist for the purpose of integrating education and training. The institutional framework has been set, structures such as the SETAs and the NQF have been established, and generally the stage has been set for the launch of the “skills revolution.”

Chapter 2 indicated how the new policy framework has put a far greater responsibility on companies to re-evaluate, re-view and re-design their futures in order to ensure that training opportunities are opened for all their workers. In the public sector the need for a competent skilled work force is even more critical for the implementation of government poverty eradication and the other relevant developmental strategies.

The challenge of the new policy framework was highlighted. It was stated that the complex, authoritarian and bureaucratic past continues to define

relationships in the workplace. Added to this is the fast-paced global economy that makes change the only constant factor. The one side of the coin represents a constituency that is motivated by the need for the creation of wealth and jobs, whereas on the flipside there is the urgent priority for human resource managers to attract, retain, motivate and develop their workforce. In addition, the impact of a turbulent public sector environment, a diverse workforce and the challenge of implementing the new labour market policies in it present human resource practitioners with a bewildering array of challenges.

There is an old cliché that simply says, “Adapt or die”. This final chapter will introduce and recommend specific strategies and processes that could lead to the effective implementation of skills development at the organisational level. These strategies and recommendations are aimed at the level of decision makers and applicable to Drakenstein municipality and Pioneer Foods, perhaps more at the municipal level.

The research process, the strategic conversations with skills development practitioners and the consultation experience of the researcher inform this final chapter.

6.2 High-performance organisations

The researcher holds that in the long-term people determine whether organisational goals are met. The goal of every organisation should be the achievement of high performance. High performance can, however, only be achieved through the support of what Popovich (1998) terms high-performance human resource systems.

6.3 Human resources management

Human resource management (HRM) at particularly Drakenstein Municipality need to be re-examined and re-evaluated in the light of the new labour market policies. At the local government level the overall organisation should support

the development of commitment, trust and equity, and should place a far greater value on creativity, risk taking, involvement, responsibility and achievement.

The organisation should come to the realisation that the employees are the pre-eminent assets, not components of a machine. HRM is not primarily about controlling labour costs (how it is currently viewed), but rather is a value-adding component of the overall organisation.

The researcher holds that the role of human resource professionals within the organisation should shift from reactive paper processors to being more of a partner, consultant and change agent. The human resource function needs to evolve from playing a linked administrative role to entering into a business partnership with the line managers. Ultimately human resource management is measured by and accountable for its contribution to the organisation's overall mission.

At the micro level HRM need to be integrated into the development and implementation of overall organisational strategic plans. The HR role and function in the organisation need to become far more strategic and dynamic. The organisation should adopt more flexible and adaptable HRM policies and practices through deregulation and simplification. It is important that the authority be more decentralised and delegated to the lowest practical level and managers should take responsibility and accountability for managing people. The researcher holds that, as line managers are held more accountable for improved productivity, they need greater control over human resources. It is vital that HRM at the local government level be reformed in order to give managers a stronger voice in the selection, compensation, training and promotion of employees. The organisation needs to realize that the line executive is the most important constituent of an effective human resource function.

Organisational goals and values need to be reinforced through incentives and accountability systems. HRM policies need to be more responsive to the

changing workforce and workplace. The current reality within the Drakenstein municipality's human resources department is not conducive to training and a team effectiveness workshop to clarify roles and goals is urgently needed.

6.4 Senior management responsibility

An Organisational Development Directorate should be established to ensure buy-in from the top. Skills development compliance as well as equity and all related skills policies and strategies can be steered from this level. The point was made earlier that the organisation and the organogram needed to reflect the new strategic direction. Reporting lines need to be re-examined as well as the key performance areas of senior management. Senior management as well as line managers and section heads need to contract into a performance management that has as the key performance area the development of their people and the development and implementation of workplace skills plans.

Ultimately senior management and the executive should be contracted to deliver and to ensure the successful roll-out and execution of training programmes. Section heads and line managers need to be empowered to do much more than just fill in reports and undertaking crisis management. The strategic nature of the job requires them to contract with the CEO and to ensure that the workplace skills plan is generated from within departments.

The human resource plan of the local authority should be strategic and include succession planning and career pathing. The researcher asserts that measurement and accountability are hallmarks of an effective skills development programme at organisational level. The researcher further contends that effectiveness and efficiency are key dimensions and a range of methods exist that can be used to gauge progress toward organisational and HR goals.

6.5 The skills committee

The skills development legislation through the insistence on WSC sets the stage for new collaborative relationships between employees, unions and management. Changing the character of labour-management relationships involves creating the capacity for the parties to work with each other in a different framework and expanding the scope of the discussions beyond mandatory and permissive subjects to business and human issues that have the greatest effect on performance.

Partnerships between labour and management can help to ensure free and open participation by employees and their representatives in decisions that affect their jobs. It is imperative that the trust and commitment of all parties must be built up for these new relationships to succeed. These forums need to be exploited in order to give effect to the skills development legislation. They should be the vehicles that assist to facilitate change and employee participation. Labour and management can work together as more equal partners to develop more democratic and productive work environments. The researcher holds that the constructive involvement of employees and their representatives is a key strategy in any attempt to increase performance in organisations.

Best practice indicates that the WSC works best if the mandates of skills and equity are combined. Stakeholder representation within this committee must be in accordance with the different occupational categories as identified by the DoL. It should include people from the designated and non-designated groups as well as the unions. In this way the committee will be more than just a rubber stamp. Alternates should be elected in order to ensure the smooth running of meetings in the event of one person from a department not being in a position to attend.

Proper record-keeping as well as appeal procedures should be put in place. The committee of stakeholders tasked to live out the mandate need to elect office-bearers, have a constitution, decide on meetings, processes and

procedures. They need to have clarity on whether they will also serve as an appeals committee in the case of skills appeals.

A communication strategy is of vital importance. This needs to be crafted by the above-mentioned committee. Strategies could include the use of a newsletter, community radio and other creative communications strategies.

6.6 The skills development facilitator (SDF)

It is recommended that the skills development facilitator post should be a full-time position and not be shared with some other responsibility, as is the case in Drakenstein municipality. The SDF must have the necessary leadership and communication skills in order to ensure buy-in from all the relevant stakeholders. It is fatal to give a person a title but not the authority; the effective execution of strategy relies on getting this aspect right.

The SDF need to expand their roles as facilitators of a process where skills development planning and delivery require extensive consultation between a range of stakeholders. Early indicators are that best practice exists where extensive effort has been put into skills development activities (FoodBev Audit: 2001).

The researcher will argue that facilitation is one of the most critical and powerful skills needed in organisations and regards facilitation as the ultimate skill of involvement and empowerment as it focuses on the power of synergy to produce an outcome better than that possible from an individual. Le Roux (in Denton 2000) expanded on this and proposed that the role of the facilitator includes mastering the art of influencing, tracking and persuading. Le Roux (in Denton 2000) raises the important point that facilitation is not always smooth sailing and people sometimes object due to misunderstanding or concerns. Presenting information to individuals in such a way that it will make sense to them and their mental maps is a crucial skill of facilitation.

The SDF can do this by pressing for specifics to obtain details, actively paraphrasing and listening to show understanding, following the facts and benefits, asking for their solutions and to test for acceptance.

The SDF need to have persuasion skills. The key principles for supporting the skill of persuasion are clarifying needs through questioning skills, summarising features into benefits, gaining commitment through mutual benefit, and solving conflict through creation of alternatives. Through the use of tracking skills the facilitator can exercise leadership that will make him an effective and competent leader. The leadership role to be played by the SDF cannot be underestimated.

Brewster *et al.* (2000: 13) argue that to be an effective leader some critical competencies are required. Amongst the competencies needed are vision, managing complexity, industry and business insight, a general management perspective, personal integrity, flexibility, self-awareness, active learning, influencing without authority and the ability to develop talent and teamwork.

Ireland and Hill (in Brewster *et al.* 2000:13) take it further and define strategic leadership as the ability of a person to anticipate, envision, maintain flexibility, think strategically and work with others to initiate changes that will create a viable future of the organisation. The SDF must be a leader who has the courage and the confidence to ensure not only skills development compliance but also implementation.

6.7 Training policy review

A review of the current training policy and linking employment equity and skills development as well as career pathing can improve the accurate capturing of data. Aligning all jobs within the NQF framework and putting recognition of prior learning measures in place has the potential of opening new career opportunities for employees.

6.8 Budgeting for training

The current budget of the municipal budget for training does not compare favourably with the international benchmark. It is imperative that investment in human capital development must become a higher priority at the local government level. Organisations need to strengthen the linkages between strategic planning and HRM as they seek high performance. The researcher asserts that a strong and competent public service is vital for meeting the goals for productivity, quality and programme results. Integrating human resource issues into the budget planning process is a therefore a good starting place.

6.9 Research development

An internal research and development unit should be established and this resource unit could be of valuable assistance to the employees and councillors alike. Continuous studies need to be undertaken to ensure that the organisation benefits from best practice and development within the environment.

6.10 Public-private partnership

Much has been said and written about public-private partnership. The new labour market policies certainly create the framework for such co-ordinated action to take place. At the local government level more could be done to create a space for the sharing of ideas on skills development and organisational development strategies. Pioneer Foods and the Drakenstein Municipality are neighbours, but they appear to be miles apart when it comes to the implementation of the legislation. Through such a forum best practice and systems can be shared amongst colleagues who share the common objective of skills and OD

6.11 Conclusion

The new skills environment attempts to ensure that the needs of the economy and the democratic order are met. The obvious benefits that could emanate from the successful implementation of the new skills development legislation over the next decades cannot be denied. The integration and attainment of complementary policies has the potential to create a virtuous circle of increased economic growth within South African society. This will lead to improved standards of living, broaden participation in the labour market, and give rise to a more educated and productive citizenry. For organisations planned skills development strategies can facilitate OD.

In conclusion, the researcher holds that the true challenge of the human resource and OD practitioner in organisations lies in challenging the mindset of the employers. The researcher submits that, if the leaders/employers within organisations do not commit to creating conducive climates for skills development, they will have failed SA, the aspirations of the employees and so missed an opportunity to create empowering future-focused organisations.

The researcher asserts and affirms that the skills revolution has indeed started.

**The future is not some place we are going to,
But one we are creating.
The paths are not to be found, but made
And the activity of making them
Changes both the maker and the destination.
[Unknown]**

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ANNEXURE A

GLOSSARY

Access - Ease of entry to education and training opportunities.

Accreditation - The certification of a person, body or an institution as having the capacity of fulfil a particular function in the quality assurance management system set up by the South African Qualifications Authority (SAQA).

Annual Training Report - A report on progress made against the objectives of a workplace skills plan.

Congress of South African Trade Unions (COSATU) - A major federation of South Africa trade unions.

Core Learning - Those compulsory standards, which relate to the specific context and content of a qualification.

Designated Employer - An employer that employs 50 or more people or whose turnover exceeds a specified sectoral threshold.

Education and Training Quality Assurance (ETQA) Bodies - Responsible for monitoring and auditing achievements of nationally registered unit standards or qualifications on the National Qualifications Framework (NQF).

Elective Learning - Additional standards chosen voluntarily as part of a qualification.

Employment Equity Plan - A plan prepared by a designated employer in terms of the Employment Equity Act,1998, which sets out objectives and timeframes to improve representivity of designated groups at all levels within a company.

Equity - Promotion of equal opportunity and fair treatment for all.

Fundamental Learning - Standards needed to form the basis of a qualification, which include numeracy and literacy.

Further Education and Training (FET) - Learning from levels 2 to 4 on the National Qualifications Framework (NQF).

Further Education and Training (FET) Institutions - A status given to public and private education and training providers, which meet criteria under regulations of the Further Education and Training (FET) Act, 1998.

Grant - Reimbursements against the skills development levy paid by Sector Education and Training Authorities (SETAs) to employers who comply with regulations under the Skills Development Act (SDA).

Industry Training Boards (ITBs) - Education and training intermediaries created by the Manpower Training Act, 1981.

Labour Centres - Structures of the Department of Labour that provide employment and skills development services at 178 locations in South Africa.

Labour Market Skills Development Programme (LMSDP) - A programme to develop the capacity to implement the Skills Development Act funded by the European Union (EU) and other donors.

Learnerships - A contract of learning which leads to a qualification registered on the NQF and which consists of structured learning and workplace experience.

Learnership Agreement - A written agreement between an employer and a learner or between an employer, a learner and an education and training provider, which is registered by a Sector Education and Training Authority (SETA).

Learning Allowance - The allowance set by the SETA and ratified by the Employment Conditions Commission and paid to a learner during a learnership contract.

Levy Financing - A system of financing education and training by the imposition of a skills development levy and the payment of grants to companies, which comply with regulations under the Skills Development Act (SDA).

Multi-skilling - The process of acquiring a range of skills in a work context.

National Economic Development and Labour Council (NEDLAC) - A stakeholder body constituted to debate proposed legislation and policy affecting social partners.

National Qualifications Framework (NQF) - A stakeholder body established by the SDA to oversee the creation of a national skills development strategy and plan and to allocate grants from the National Skills Fund (NSF).

National Skills Fund (NSF) - A fund for education and training of social target groups, including women, people with disabilities, and unemployed and rural people.

National Standards Bodies (NSBs) - Bodies responsible for recommending the registration of unit standards and qualifications on the NQF.

Outcomes - End products or results of a learning process.

Provider - An organisation or individual providing education and training.

Qualification - Consists of a planned combination of unit standards registered on the NQF.

Quality Assurance - The process of ensuring that the prescribed degree of excellence is achieved.

Recognition of Prior Learning (RPL) - The assessment of current competencies against standards registered on the National Qualifications Framework (NQF).

Skills Development Levy (SDL) - A levy imposed by the Skills Development Levies Act (SDLA) and calculated as a percentage of total remuneration costs.

Skills Programme - Occupationally based learning which culminates in a credit towards a qualifications registered on the NQF.

South African Qualifications Authority (SAQA) - A stakeholder body established to oversee the development and implementation of the NQF.

Standards Generating Bodies (SGBs) - A body responsible for developing standards and qualifications to be registered on the NQF.

Sector Education and Training Authority (SETA) - An education and training intermediary body established in terms of the Skills Development Act (SDA).

Sector Skills Plan (SSP) - A plan developed by a Sector Education and Training Authority (SETA), which describes skills and knowledge required by employers within its sector.

Skills Development Facilitator (SDF) - A person appointed jointly by management and employees to promote the skills development process at organisational level.

Unit Standard - A statement of education and training outcomes and relevant assessment criteria, which is registered on the NQF.

Workplace Skills Plan - An education and training plan jointly drawn up by management and employees at company level.

ANNEXURE B

The difference between learnerships and apprenticeships

LEANERSHIP	APPRENTICESHIP
1. Demand-led: It is offered in response to social and economic needs, which are broader than the needs of a particular economic sector.	1. Supply-led: It is offered in response to specific manpower supply forecasts of particular industries and the supply of applicants.
2. Includes all occupations: It covers any occupations in which workplace based learning paths are viable.	2. Limited to certain occupations: It covers only blue-collar traders for which workplace career paths have been designed.
3. Promotes access: It aims to promote and enable access to employment and further education and training in a broad range of economic sectors and occupations.	3. Limits access: It aims to consolidate a worker's abilities, knowledge and skills in his or her current trade or trade-related occupation.
4. Focus on learning: The learners' primary role is learning and his/her secondary role is working.	4. Focus on working: The workers primary role is working as an artisans aid and his/her secondary role is to learn the trade.
5. Multiple workplace contexts: It involves partnerships and cooperation between more than one workplace contexts to provide the learner with a wide spectrum of work experience.	5. Single workplace context: It involves registration with one employer for the full duration of the apprenticeship and provides the learner with a narrow spectrum of work experience.
6. Integrated content: It aims to integrate theoretical education and practical skills training in both learning and assessment.	6. Separated content: Theoretical education and practical skills training is separated and in many cases unrelated. There is no integrated assessment of learning.
7. Career orientated: Prepares learners not only to current work but also for life-long learning by	7. Job orientated: Prepares learners for passing technical subjects and a trade test to

including competences, which are important for any occupation in the future.	qualify as artisans in specific trades. Competences, which are important for employment in other occupations, are neglected.
8. Shorter duration: Learnerships are of much shorter duration than apprenticeships programmes. Time scales are flexible and directly related to the mastery of all the competences included in particular learnership contracts.	8. Long duration: Prescribed time scales of long duration (up to four years for certain trades) is a mandatory requirement for qualifying as artisans. Time scales are fixed and not attached to the mastery of competences.

ANNEXURE C

RESEARCH QUESTIONS

A. Awareness about skills development policies:

- Is skills development supported in the organisation?
- Do all employees have knowledge and an understanding of the Skills Development Act and the related labour market policies?
- A strategy is in place to communicate skills development?

B. Stakeholder support:

- Consultation took place when appointing the SDF?
- The union(s) supports and is actively involved with the process?
- Senior management as well as line management understands and buys into the process
- Is training viewed positively?
- The plan is communicated to all the stakeholders?
- Is regular feedback is given to all and how?
- Who serves on the committee? Is it representative of the organisation's departments?
- How was the process followed?

C. Skills development facilitator:

- Do you have a skills development facilitator?
- The facilitator has a clear job description and reporting lines?
- The SDF has authority and understands this?
- A skills development facilitator has been appointed and is known by the members?
- People know what the SDF is supposed to do?
- Problems experienced by the facilitator?

D. Programme, policy and processes:

- A skills plan was submitted?
- An audit has been done to identify gaps?
- The skills plan links business and training goals?
- Do you have a structured training programme?
- Do you have training policies?
- Is there a clear link with the business goals?

E. Implementation:

- Are deadlines met for the submission of reports to the relevant SETA?
- Did the organisation submit a training report?

F. Organisational development:

- Do you see a link between OD and skills development?
- The results of investment in training are visible?
- The organisation has grown?
- How has the workers/organisation benefited from the process?

G. Generic:

- How can the organisation improve?
- What were the learning curves?